STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

Basin Electric Power Cooperative	:	
North Killdeer Loop Phase I 345 kV	:	**Case No.**
Transmission	:	**PU-14-813**
Siting Application	:	

TRANSCRIPT OF

PUBLIC HEARING

Taken At
Teddy's Residential Suites
113 Ninth Avenue Southeast
Watford City, North Dakota
March 17, 2015

BEFORE WADE C. MANN
-- ADMINISTRATIVE LAW JUDGE --

A P P E A R A N C E S

COMMISSIONERS PRESENT:

COMMISSIONER JULIE FEDORCHAK, Chair
COMMISSIONER BRIAN P. KALK
COMMISSIONER RANDY CHRISTMANN

MS. CASEY J. JACOBSON and
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FOR THE PUBLIC SERVICE COMMISSION.

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(The following proceedings were had and made of record herein, commencing at 8:59 a.m., Tuesday, the 17th day of March, 2015:)

JUDGE MANN: Good morning, everybody. We are now on the record. And let the record show that it is 9 a.m. on March 17, 2015. We are present at Teddy's Residential Suites in Watford City, North Dakota, for the public hearing in the matter of Basin Electric Power Cooperative for a certificate of corridor compatibility and route permit for the proposed North Killdeer Loop Phase I, a 345 kV transmission line project, consisting of approximately 28 miles of new 345 kV transmission line, two new substations and associated facilities in McKenzie County, North Dakota.

This is Case Number PU-14-813. My name is Wade Mann, and I am the procedural administrative law judge designated to preside over this matter.

At this time I will have the parties note their appearances for the record, beginning with the applicant.

MS. JACOBSON: Casey Jacobson, Basin Electric Power Cooperative.

MS. LAMBERT: Anine Lambert, Basin

Electric Power Cooperative.

JUDGE MANN: Okay. And PSC advisory staff.

MR. ARMSTRONG: Mitch Armstrong, Special Assistant Attorney General, on behalf of the Public Service Commission. With me is Victor Schock, a public utility analyst. I move Mr. Schock be allowed to ask questions today.

JUDGE MANN: Okay. Any objection?

MS. JACOBSON: No, Your Honor.

JUDGE MANN: Okay. Mr. Schock, you'll be allowed to ask questions directly of the witnesses.

Also present are the members of the Public Service Commission, Commissioner Brian Kalk, Commissioner Julie Fedorchak and Commissioner Randy Christmann.

The issues to be addressed and -- for today's hearing as set forth in the notice of hearing are as follows: Number one, will the location, construction and operation of the proposed facility produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?

Number two, is the proposed facility compatible with the environmental preservation and

efficient use of resources?

And, number three, will the proposed facility location minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

Before we get into the evidentiary portion of the hearing, I'll just briefly address the procedure to be followed for today's hearing. Basin Electric will present its case first. It will call its witnesses and present any exhibits it wants admitted into the record. Once counsel for Basin has finished examining its witnesses, then Commission advisory staff will have the ability to cross-examine the witnesses and the commissioners will then have the ability to question the witnesses as well. Once commissioners complete questioning, I will allow follow-up questions as necessary.

Upon completion of Basin's case, any members of the public who wish to come forward and offer information to the Commission can do so. They'll need to come up to the table and be sworn in like the other witnesses, and then they will be

subject to examination from counsel for Basin and advisory staff and the commissioners as well.

I serve as a procedural administrative law judge in this matter. That means that the Commission is the entity that makes the final decision on this case with respect to the application for the certificate of corridor compatibility and route permit.

No decision will be reached today. The proceeding is being recorded and the transcript will be available for later review.

Any questions with respect to procedure before we begin? Ms. Jacobson?

MS. JACOBSON: No, Your Honor.

JUDGE MANN: Okay. Mr. Armstrong?

MR. ARMSTRONG: No, Your Honor.

JUDGE MANN: Okay. At this time I'll call on the commissioners for any opening remarks, beginning with Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor. The -- the transmission siting is in my portfolio so I guess I get the opening comments.

The -- appreciate Basin putting this all together. You've got a very thorough package today. I really appreciate the prefiled testimony

and the things that you've put together.

You know, the judge really kind of laid it out well today that -- what we're here to do. We're here to find that balance. Make sure we have reliability. Make sure we look at all the issues that may affect landowners.

The -- but really the main reason we're out here today is to have public input, if there's any concerns or issues that you feel the Commission should know. So there is a time later in the day when you'll have your chance to come up and say your piece and we'll ask our questions. So I look forward to that and I think we'll move along expeditiously. And I'll turn it over to my colleague, to Commission chair, Commissioner Fedorchak.

COMMISSIONER FEDORCHAK: Good morning, everyone. I'm Julie Fedorchak and glad to be here today.

Flying in this morning we got a good view of the -- the landscape here and it's a really gorgeous part of North Dakota. This is -- all of North Dakota is pretty, but it's particularly dramatic in this corner of the state. And I think that is just a reminder to all of us that in

projects like this that have a long-term impact, we need to do our very best to minimize that and -- and restore the environment to the condition it was prior to the project and to minimize any long-term impacts of a project like this.

This area needs transmission service, it needs power. It's required for the communities. It's required for the industry that's growing in this part of the state and offering opportunities for lots of new people to be here. So it's a balance, and that's what this type of a siting process is all about, is finding that balance of minimal impact and maximizing the potential resources that exist here. So that's what we'll be looking at in this application, that balance.

I hope that there's members of the community here to offer their thoughts, ideas, concerns, support or otherwise for this project, because that's why we come out to the communities most impacted is to hear from members of the community about the project.

So I hope those -- some of you in the audience are here to provide that kind of input and also ask for your patience to listen through the company's presentation, which will promise us to be

thorough and fairly time consuming, but that's -- that's their right and that's what's required by the law for completing this process.

So far the application looks very thorough and the material is good. The first time we were here for the first part of this process we were downtown for the phase -- the first phase of this whole transmission project, and it was a 12- to 14-hour hearing downtown. And so everyone kept their cool and calm and we took a lot of good input in that process, too, and I -- I don't expect that we'll be here for 12 to 14 hours today, but we'll be here as long as it takes.

So thank you and look forward to getting started.

JUDGE MANN: Commissioner Christmann.

COMMISSIONER CHRISTMANN: Good morning, everyone. Randy Christmann.

And before joining the Commission I was a rancher in my personal life, and actually some of my interest in the Public Service Commission goes back to when I was a youngster and the power line came across our family property. And although it ended up coming across there, which my father didn't particularly like, he was very pleased with

the Commission process back in those days and the fact that they did make some changes and make it a better situation than what it would have been as originally proposed and always felt that he got a very fair hearing. And so, you know, we certainly hope to provide that.

The other commissioners have both mentioned, you know, looking forward to hearing testimony from interested citizens. That's why we come here. We could just as easily, in fact more easily, hold this in Bismarck where we're all located and a lot of the Basin people are located, but we come here because we want to hear from interested citizens and want to make it convenient for you to provide that information because when you do, it allows us to make the best decisions possible and that's what we seek to do.

Just for way of explanation, I always feel like it maybe seems awkward when we advertise a public hearing and you take time out of your personal lives and leave the cows at home that are probably calving and come in here at the starting time and then sit for hours and we hear the company first and you have to sit and wait, but the reason for that is because it does not -- does us not a

lot of good to have you come and testify and give us your opinions on a project as you heard about it uptown. The important -- it's important that we hear from the company first and that you hear from the company first so that any response that you might have is to what is actually being proposed at this moment. And so that's why the order of things is as it is.

So please be patient, listen closely, and if you have comments or ideas or suggestions, that's why we're here. We look forward to hearing them.

JUDGE MANN: Okay. Ms. Jacobson, do you have an opening statement?

MS. JACOBSON: No, Your Honor.

JUDGE MANN: Are you ready to call your first witness?

MS. JACOBSON: Yes, Your Honor, but before I do so, would it be the appropriate time to enter the exhibits into evidence?

JUDGE MANN: Yes, it would. Is it your intent to offer Exhibits 1 through 12 upfront?

MS. JACOBSON: Yes, Your Honor.

JUDGE MANN: Mr. Armstrong, any objection to admitting Exhibits 1 through 12 at this time?

MR. ARMSTRONG: No objection.

JUDGE MANN: Okay. Exhibits 1 through 12 are admitted. And you can call your first witness.

MS. JACOBSON: Thank you, Your Honor.

Ms. Amanda Wangler.

JUDGE MANN: Good morning, Ms. Wangler.

MS. WANGLER: Good morning.

JUDGE MANN: Before you testify, I'm required to give you an oath and I'm also required to advise you of the penalty for perjury in North Dakota. It's a Class C felony, punishable by a maximum fine of $10,000, maximum five years' imprisonment or both.

(Witness sworn.)

JUDGE MANN: Okay. Go ahead.

MS. JACOBSON: Thank you, Your Honor.

AMANDA WANGLER,

being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. JACOBSON:

Q. What is your name, business address and occupation?

A. My name is Amanda Wangler. I'm a project manager for Basin Electric. The address is 1717

East Interstate Avenue in Bismarck.

Q. And what is your employment history?

A. I have worked for Basin Electric for ten years.

Q. And what's your educational background?

A. I received my bachelor's degree in electrical engineering from North Dakota State University in 2003. I also hold a master of business administration from the University of Mary in 2011.

Q. And what have been your responsibilities with the proposed project?

A. My responsibilities include all things associated with the project, including budgeting, scheduling, engineering, permitting, right-of-way acquisition and construction.

Q. And can you please describe the proposed project.

A. The project is a 28-mile 345 kV transmission line and two associated substations, Patent Gate and Roundup -- Patent Gate and Kummer Ridge. Excuse me.

Q. And can you please tell the Commission the general location of the proposed project?

A. The project starts with the Patent Gate

Substation, which is northeast of Alexander, North Dakota, and heads east towards Watford City for 28 miles to the Kummer Ridge Substation. It includes approximately one mile of double circuit at the Patent Gate that is in the current AVS to Neset right-of-way.

Q. Can you please discuss the two phases of the project and why they're being separated.

A. We had originally planned to submit an application for both phases of the project, which would have been the Phase I from Patent Gate to Kummer Ridge and also from Kummer Ridge south to Roundup. We've had some difficulties with the routing from Kummer Ridge to Roundup. And so in an effort to maintain the schedule, we decided that it would be best to separate the two phases. We do plan on submitting an application later this year for the second phase of the project.

Q. And are the completion dates the same for both phases of the project?

A. Yes. We plan to have both phases of the project done October of 2016.

Q. And can you please describe the proposed schedule, when you would like to start construction.

A. We would like to start construction of this Phase I in May when the ground conditions allow, May of 2015, and have the line and the substations complete in October of 2016.

Q. And can you describe the proposed sequence of construction for the transmission line.

A. We will start by staking the structure locations and the associated edges of the right-of-way. After those structures are staked, we install gates.

Once the gates are done, we have a general contractor come in and install foundations. When the foundations are done, we start hauling structures. The structures are hauled out to the sites. They're framed together and then set on the foundations or directly embedded in the ground.

After the structures are set, we start our stringing activities, and so the conductor is pulled in and clipped in place.

After the conductor is complete on the transmission line, then our reclamation activities start, and we hire a contractor to restore the land to as good or better condition than we found it.

Q. And what is the cost of the proposed project?

A. The estimated budget for the project is $104.5 million.

Q. And can you please describe the workforce needed to construct the proposed project.

A. The workforce will be about 40 to 50 skilled labor employees, and that number will change depending on the ground conditions, the terrain that we're in, the time of year. Those 40 to 50 individuals will work in small crews with their associated activities, come into an area, do their work and leave and then the next crew will come in and do their work in similar fashion.

Q. And what is Basin Electric doing to ensure safety on the construction sites?

A. Basin has a safety program that is -- has requirements laid out for the contractors and all their employees. And in order for a potential contractor to even bid on the project, they have to meet those requirements.

Q. And why is it appropriate for the Commission to waive procedures and time schedules in this matter?

A. Based on the time frame and where we are with right-of-way acquisition, which Mr. Murray will talk about in a bit, it is appropriate to

waive the time frame and the schedule.

MS. JACOBSON: Thank you. No further questions.

JUDGE MANN: Mr. Armstrong.

MR. ARMSTRONG: Thank you.

CROSS-EXAMINATION

BY MR. ARMSTRONG:

Q. Ms. Wangler, I just have one question on your prefiled testimony or maybe a correction on it. On page three of that prefiled testimony it discusses that the company had greater difficulties routing the segment from Kummer Ridge to Patent Gate.

A. That is an error. It should be we had -- we had difficulties with the Kummer Ridge to Roundup.

Q. Okay. And that would be -- Kummer Ridge to Roundup would be Phase II of the project?

A. That is correct.

Q. Is -- is Phase I -- can it be a stand-alone project independent of Phase II or -- or not?

A. Yes, it can.

Q. Okay.

A. We would like to -- to have a delivery

point at the Kummer Ridge Substation, which we can do without the Phase II.

Q. So whatever -- I don't know if problems is the right word, but whatever is slowing down Phase II, if something comes up, Phase I could operate independently of that project if that were to fall through?

A. That is correct. There isn't the reliability that we would like at the Kummer Ridge delivery point without Phase II, but we can operate with just Phase I.

Q. Okay. Are you involved with the -- I'd call it the main line anyway, the AVS to Neset line in any capacity?

A. Yes. I'm the project manager for that one also.

Q. Where does that project stand right now?

A. We are in construction from AVS to Judson, including the AVS, Charlie Creek and Judson substations. The line is approximately 35 percent complete. We are on schedule for all three of the substations, and the transmission line is lagging a little bit. We've brought in extra crews and equipment to make up that time frame and still anticipate being done at the end of this year.

Q. If this project is approved, would the plan be to construct in those areas at one time for that -- the AVS to Neset and then this line along with that?

A. Yes. We would start Phase I -- we would like to start Phase I of this North Killdeer Loop project May of this year and don't anticipate construction being complete on AVS to Judson until October of this year.

Q. With the AVS to Neset have there been any unexpected issues that have come up in that project?

A. Aside from the typical construction issues that you have on every project, there have not been any -- any huge issues that have caused us major problems that have stopped construction for any length of time.

Q. Yeah. What I'm -- what I'm kind of getting at is we went through a whole hearing process on that line and we had the Class III environmental studies, right-of-way, easements, all of that, the same things we're evaluating today. Did -- did you find that your process in coming up with the application and the testimony we heard from that addressed any issues that you've dealt

with in construction of that line so far?

A. There have been a lot of changes that we've had to make, I guess, from some of the last projects that we've done to this one to accommodate some of those sensitive areas. I guess I'm not exactly sure what the question is.

Q. Well, I'm wondering if, you know, like your Class III studies and things like that that you did for that project turned out to be what was true in the field when you've been out there building the project.

A. Oh, yes, it has been. Mr. Miller has been intimately involved in the Class III surveys and the construction of the project, so maybe he can answer your questions a little bit better, the cultural.

Q. Thank you. And I usually tell the first witness this, but I forgot to with you. I may ask you a lot of questions that are more appropriately directed at a later witness. If that's the case, just let me know. Okay?

A. I will do.

Q. Could you maybe give us a short summary of why AVS to Neset itself isn't enough?

A. I -- I probably could, but that would be

better answered by Mr. Stoltz.

Q. How about as far as the status of the easements from private landowners and other entities?

A. For Phase I of this project we are at 80 percent, and Mr. Murray has the details on the percentages and where we are.

Q. There's two substations on this Phase I project. Could you tell me what the status of the land ownership for those properties is?

A. Basin Electric has -- owns both of those substations.

Q. What -- do you need to get approvals from McKenzie County for any part of the construction of this Phase I?

A. We are still working on the conditional use permit from McKenzie County, and Mr. Miller can provide additional details on that.

Q. In the application it talks about several planned highway construction projects by the DOT which I think are going to be during the time of planned construction for this project. What is the company doing to work with the DOT to make that process go smoothly?

A. Our engineering staff has been working

with their staff and making sure that our facilities can coexist, and Mr. Christenson can speak more to that.

Q. What has the company done with respect to impacts -- or mitigating any impacts with the visual aspects of this line?

A. That would be one for Mr. Miller.

MR. ARMSTRONG: That's all the questions I have for you.

JUDGE MANN: Mr. Schock, any questions?

CROSS-EXAMINATION

BY MR. SCHOCK:

Q. In the application it appeared that there were three different route or potential routes that were evaluated for this line. Can you tell me why this one was chosen versus the other two?

A. That would be constructability and landowner preferences. And so Mr. Murray can speak to the actual route and why the different segments were chosen.

MR. SCHOCK: Okay. I have no further questions.

JUDGE MANN: Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor. Thank you, Amanda, for your testimony.

EXAMINATION

BY COMMISSIONER KALK:

Q. I really only have just one broad question for you. I've got probably a few more for the other witnesses.

But as Basin looks forward to the way the Bakken is changing now with different projections in oil prices, do you still need all these lines with the power projections potentially changing?

A. That's been the million-dollar question in our organization since the oil prices have changed and we're seeing that the loads move more into the central part of the Bakken. And so I believe that Mr. Stoltz can speak a little bit more in detail to that process. But to answer your question, yes, we still do believe that these facilities are needed.

Q. Let's go the other way. Let's say the Commission doesn't approve this line. Who would be the most affected for reliability challenges if this line wasn't built?

A. It would be our members in McKenzie, McKenzie Electric.

Q. So your projections now show that you need this line to make sure McKenzie County has the power they need for the next couple years?

A. That's correct. And Mr. Stoltz can speak to the details on that.

COMMISSIONER KALK: All right. Thank you.

JUDGE MANN: Commissioner Fedorchak.

EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. Good morning. Thanks, Amanda.

A. Good morning.

Q. Can you walk through the timeline of this project as it relates to the full line that we've sited already and which will be done first. Just walk through the construction timeline for this.

A. Absolutely. Our current project, we started in September of 2014 and we plan to be done October of 2015, so just a little more than a year construction season. As you're aware, we're working on quite a bit larger section of line than this. We plan to start this construction when we have all the approvals, hopefully in May, and so the -- like the driver to our schedule right now and why we need that year-plus time frame to get them done is really the substations. The transmission line can be built in one construction season. However, we plan to start the line in May-June time frame this year, too, so that we can

spread that construction out among two construction seasons, depending on the schedule of the contractor that's chosen.

Q. So you'll be constructing this simultaneously as the AVS to Neset line?

A. That's correct.

Q. So you'll be constructing the transmission line and the substations simultaneously too? Which will start first?

A. We would like to start them all generally in the same time.

Q. Okay. And the substations take two seasons. The line could be done in one, but you'll stretch it out to two?

A. That's correct.

Q. Maybe this is for a future witness, but do you anticipate having all of your easements completed by May?

A. We do not. Mr. Murray can talk to that a little bit more.

Q. Okay. All right. And then tell me along this North Killdeer Loop, this first Phase I section, what exists in terms of customers along that line? Are you -- is this needed to serve customers along that line primarily or is it the

whole loop and the redundancy that's really the driver of this project?

A. Being a 345,000 volt line, we won't serve actual landowners along the line. It will feed into the Kummer Ridge Substation, which then the voltage is stepped down to a level that we can serve the customers out of. So we will come into Kummer Ridge and there will be some -- some larger loads around that substation that will be served with this line, along with the customers in the area.

Q. Okay. Can you describe to me what some of the larger loads are that this will be serving?

A. I think that Mr. Murray may be able to speak to that a little bit more. There are a couple of gas plants that are planned for the area. I -- I'm not aware of the specifics for those plants.

Q. Okay. And so you had stated earlier that this line could operate independently and that's what it would -- that's the purpose that it would serve would be to reach some of those large loads out in that area as well as maybe some of the smaller radial lines, smaller loads along that line?

A. That's correct.

Q. What sort of existing transmission service do you have serving that area now?

A. It would be lower-voltage lines that are our member, McKenzie Electric's.

Q. Okay. And are you following any of the similar paths of those lines or is this an entirely new kind of path?

A. We cross several of McKenzie's lines, but I do not believe we follow any of them.

Q. Okay. And then the line that's looped, is it the first mile off of the Patent Gate? Is that where the looping exists with the AVS to Neset line?

A. The double-circuiting, yes --

Q. The double-circuiting.

A. -- is right out of Patent Gate.

COMMISSIONER FEDORCHAK: Okay. I think that concludes my questions so far. Thanks.

JUDGE MANN: Commissioner Christmann.

EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. What's the geography between Kummer Ridge and Johnson Corner?

A. That would be better talked to by

Mr. Murray. He'll go through the actual routes.

Q. Okay. You said this is 28 miles, and then from Kummer Ridge to Roundup, if -- when Phase II is turned in, that's 32; is that correct?

A. That's correct.

Q. And you said this is 104.5 million for -- that's just this phase?

A. That would be the two substations and the 28 miles of line.

Q. And in the original application on page four it says 135 million.

A. And at that time we had the Roundup Substation, which is on the south of the Kummer Ridge to Roundup line, included in this application. Since then we have amended the AVS to Neset application to include the Roundup Substation. So that's where the difference in the dollars comes in.

COMMISSIONER CHRISTMANN: Okay. That's all I have. Thank you.

JUDGE MANN: Ms. Jacobson?

MS. JACOBSON: Nothing, Your Honor.

JUDGE MANN: Mr. Armstrong, anything further?

MR. ARMSTRONG: Nothing more.

JUDGE MANN: Mr. Schock?

MR. SCHOCK: Nothing more.

JUDGE MANN: Commissioner?

Okay. Thank you. You can step down.

THE WITNESS: Thank you.

JUDGE MANN: Ms. Jacobson, you can call your next witness.

MS. JACOBSON: Thank you, Your Honor.

Mr. Matthew Stoltz.

JUDGE MANN: Mr. Stoltz, before you testify, I need to give you the oath and advise you of the penalty for perjury in North Dakota. It's a Class C felony, punishable by a maximum fine of $10,000, maximum five years' imprisonment or both.

(Witness sworn.)

JUDGE MANN: Okay. Go ahead, Ms. Jacobson.

MS. JACOBSON: Thank you, Your Honor.

MATTHEW STOLTZ,

being first duly sworn, was examined and testified as follows:

EXAMINATION

BY MS. JACOBSON:

Q. What is your name, business address and

occupation?

A. My name is Matthew Stoltz. My address is 1717 East Interstate Avenue, Bismarck, North Dakota.

Q. And what is your employment history?

A. Oh, my occupation is manager of transmission services. I'm trying to talk slow for the record.

Q. Mr. Stoltz, what is your employment history?

A. I've worked for Basin Electric since 1999, and prior to that I worked for Western Area Power Administration in Loveland, Colorado.

Q. And what is your educational background?

A. I have an associate degree from Bismarck State College and a bachelor of science degree in electrical engineering from North Dakota State University.

Q. And what have been your responsibilities with the proposed project?

A. My responsibilities are performing the analysis and justification for the project.

Q. And can you explain what a regional transmission organization is and will the proposed project be a part of one?

A. Yes. The proposed project, our intention is to submit to the Southwest Power Pool Regional Transmission Organization for cost recovery. What -- the Regional Transmission Organization, also known as RTO, is a tariff -- a transmission tariff that encompasses a wide area and several utilities within that area. So Southwest Power Pool, when we joined it in October of this year, will be the RTO in our area and extends from North Dakota all the way down to the Arkansas, Texas area. So it encompasses a very wide regional footprint.

Q. And why are the Patent Gate and Kummer Ridge substations needed?

A. Well, let me describe the transmission system in general. The backbone that we're building in western North Dakota is at 345,000 volts, also known as 345 kV. Those transmission lines are very, very high capacity. And the analogy I like to use is the highway system. So a 345 kV line would be very similar to an interstate highway.

So we're trying to establish this energy highway or corridor from our coal field generation near Beulah-Hazen up into the Williston area. As

with a highway, you need to have these off-ramps. So a substation could be considered an off-ramp when it -- it transforms voltage from 345 kV to 115 kV, in our case, at Kummer Ridge and Patent Gate. That 115 kV voltage is more of a lower-capacity highway, more of a -- a state or county road analogy, if you use the highway example, and that's more useful for distributing power to local loads.

So the purpose of Patent Gate and Kummer Ridge is primarily to establish these deliveries off the transmission backbone, off the high-capacity transmission line to the lower-capacity distribution-type lines.

Q. Okay. You talked about why the substations are needed. Why is -- the 28 miles of the proposed project, why is that needed?

A. Let me talk a bit about the project as a whole, both Phase I and Phase II. Back in 2010 or '11 when the Bakken load was initially ramping up, we expected the majority of the load growth to occur north of Lake Sakakawea in that Williston-Tioga area and the Mountrail-Williams area. And that was the justification that caused us to propose and start to construct the AVS to Charlie Creek to Judson to Tioga line. So we

wanted to establish that path into the northwestern part of the state based on the initial round of forecasts which showed that growth north of the reservoir.

Subsequently in about 2011 or '12, we did the forecast and it showed that activity was jumping south of the river and it's going to impact McKenzie Electric significantly. So we redid the studies and we found that we needed to establish additional 345 deliveries in the McKenzie territory area, and that's where this concept came from, this North Killdeer Loop. It came from the results of the 2013 load forecast and our analyses of that.

The reason we need this line or both lines for that matter is we have to establish these additional delivery points, because if you look at the diagrams of the AVS to Williston line, there are no additional deliveries in that Watford City area. The line goes straight from the Charlie Creek and the Grassy Butte area up to Williston.

So we immediately needed to establish a couple of extra delivery points. We found that Patent Gate is about the midpoint between Charlie Creek and Williston, so that was a good delivery point to establish. We found that loss at Charlie

Creek Substation itself was a problem. We needed to establish another delivery in that area and that became Roundup Substation. And then also there was weakness in McKenzie territory's system -- on the eastern side of McKenzie's system, and that became the justification for Kummer Ridge delivery.

So we had three additional deliveries we needed to establish. Well, Roundup and Patent Gate are on the main line we were building already. Kummer Ridge was a brand-new substation that had to be established. So we needed to extend 345 kV from our main line to Kummer Ridge.

So the question will be, Well, do you need one line or two lines? Two lines provides a backup path to -- throughout the McKenzie area. So, for example, once that complete path -- once the North Killdeer Loop is in service, we have a line from Roundup to Kummer Ridge to Patent Gate and back to Charlie Creek. So we have a -- if you look at a map, we have a complete circle, a complete loop through McKenzie's territory. So if we lose any segment of that line, we can back-feed power off the high-voltage system to the remainder of that system.

So absent that complete loop, say, for

example -- you know, say we do not build Kummer Ridge to Roundup, that loop is not intact anymore, we can serve Kummer Ridge from Patent Gate off the single line. We don't have that redundancy to Kummer Ridge or to the remainder of the 345 deliveries absent that segment from Kummer Ridge to Roundup.

So the question you might ask is, well, what would happen if we don't have the second phase? What if we have just have Patent Gate to Kummer Ridge? Our load forecasts show, and our member manager, John Skurupey, can confirm this, but we expect to serve about 100 megawatts of load from Kummer Ridge during peak winter loads -- and just for reference, 100 megawatts of load, that's about the same as the Bismarck/Mandan area altogether, so that's a pretty significant amount of load. We cannot serve that load absent that 345 delivery at Kummer Ridge.

So with just a single line from Patent Gate to Kummer Ridge, should that line be forced out of service for -- during a storm or some error -- mechanical error or even for maintenance, we don't have the ability to serve that much load off the existing 115 kV system, that lower-capacity

system that's being presently served out of the Watford City. So we have put that load in jeopardy for these trips of that major backbone line.

The trouble is that would -- of course, that's not the acceptable load reliability for 100 megawatts load in our opinion, and plus it is a severe economic impact to some of the customers if they lose their load unexpectedly. Some of the gas plants, for example, they have internal processes that if they were to be blacked out with no notice, that it causes them some issues with their chemical processes that are difficult to mitigate. And we've heard stories of millions of dollars of impacts for them to accommodate those -- those unforced -- or those forced outages -- unforeseen outages.

Q. Has Basin Electric reviewed the need for the project in light of decreasing oil prices?

A. We checked the need -- so 2013 was the forecast that justified the need for the project, the entire North Killdeer Loop. We got a new forecast in '14. That forecast came in even higher than the '13 forecast, which just reiterated for us the need for the project. So we knew we were on the right track.

Now, of course, last fall we saw the decrease or possibly collapse of oil prices. So we were very curious how is the '15 forecast going to accommodate that decrease in load. And it turns out the original '15 forecast, if you assumed the status quo, was going to be even higher again than the '14 forecast, which is somewhat alarming because we've been trying to play catch-up for all these years.

So the load forecasters took a step back and asked themselves, Well, what if -- what is going to be the effect of the lower oil prices? And so they -- they have this complicated formula that they use to derive the forecast, and one of the inputs to that formula is the rig count. So they simply took the rig count that they assumed prior to the collapse of the prices and cut it in half. So the original rig count was about 200 rigs going out for the foreseeable future, and they just chopped that back to 100 rigs in the entire Bakken area. And that essentially reduced the '15 forecast back to the '14 forecast levels.

So the loads are still increasing. They're increasing by the amount of the '14 forecast, essentially, with the assumed lower oil

prices. So we're still on track for growth in the area, so there is no relief as far as the need to build this line.

Q. And can you explain what would happen if the project did not get built?

A. Well, if we did not build the segment from Kummer Ridge to Patent Gate, we'd have to rely on the McKenzie Electric 115 kV system, that lower-capacity system, to serve the loads. Now, remember, we have to abide by the NERC, National Electric Reliability Corporation, reliability requirements, so we cannot operate our system in an unreliable manner. So our defense is to just curtail the amount of load we can hook up.

So, for example, we would get to a point where we'd max out the capacity of the 115 kV system and that would be that. We'd have to tell additional loads they would not be able to be served by that system because we would be in violation of our reliability criteria.

MS. JACOBSON: Thank you, Mr. Stoltz.

No further questions, Your Honor.

JUDGE MANN: Mr. Armstrong.

MR. ARMSTRONG: Thank you.

CROSS-EXAMINATION

BY MR. ARMSTRONG:

Q. Mr. Stoltz, I think you answered probably a lot of the questions I had already, but -- so there's a 2014 forecast?

A. That's right. There's the -- April of 2014 we received a new forecast. Right. So we used that to confirm the need for the project.

Q. And then since then and with the decline in oil prices, the company has worked different numbers into the formula and concluded there's still a need for this project that we're here for today?

A. That's correct. Because the '15 forecast would have shown -- you know, if the prices would have held at a hundred or $80 a barrel, the growth would have continued to grow above even the '14 forecast projections. But bringing that oil price down to the 40 or $50 a barrel range, then we curtailed that '15 increment growth and we restored our load growth back to the '14 forecast, which was even higher than the original forecast in '13, which showed the initial justification for the project. So we've got a ways to go as far as pulling back forecasts to the point where we would

not need the project.

Q. And this project itself is supposed to meet the forecasts going out till when?

A. This project is going to -- let me take a step back. The forecast is for the entire Bakken region. So we can fix a deficiency in one part of the area but still have deficiencies in other parts of the area. So the way things are looking today is we build this project or the entire North Killdeer Loop project and we fix the McKenzie projects for the foreseeable future. The problems now move elsewhere. They move to the region between Tioga and Minot, because now once this project is in service and once we build -- or we complete the AVS to Tioga project, we have a strong 345 background -- backbone all the way from the coal fields to the Williston-Tioga area. We have no new construction between Tioga and Minot. That's where the next weakness in the system is forecasted. So our goal then is going to be to address that area next.

Q. So you're kind of working south to north?

A. Exactly. Right. So when you say how will this project behave in the future, how will this accommodate future load growth, it's a bigger

answer -- or a bigger question than just the McKenzie area. You have to look at the entire footprint. So this project takes care of the McKenzie system for the foreseeable future.

Q. So if I understand correctly, the AVS to Neset is kind of the transmission getting the coal power up to the Tioga-Williston area, including -- and then Watford City. And then this loop, Phase I, takes care of a deficiency in McKenzie County?

A. That's correct. Not just coal power. We're tied into the 345 system at AVS because that's the most convenient strong 345 kV system, but that system ties into the entire RTO further south. So it would be a mixture of coal, gas and wind, whatever is being dispatched at that time.

Q. And then the power deficiencies were greater in the McKenzie area, is that why we're dealing with this one first as opposed to the north part or how does that work?

A. Yeah. Exactly. When the '13 forecast was created and we saw this activity -- the oil activity jump south of the -- of the reservoir, we were taken a bit by surprise. So this project is to address those issues in McKenzie County.

Now, the backbone gave us capacity to get

into the Mountrail-Williams service territory, but now we're seeing the issues further east of Mountrail-Williams.

Q. And then from these substations there is going to be distribution lines needed from those or what's -- how does -- well, are there going to be additional distribution lines needed?

A. Yeah. Exactly. Because McKenzie Electric has been very aggressive in building out their 115 kV system, that's their load distribution system. So working with McKenzie Electric we're able to site these delivery substations in a coordinated fashion, so now they're buildings lines to these future sites to accept the delivery off the 345 system at these three delivery substations.

Q. Does Basin have any role in the location or siting or whatever of the distribution lines?

A. No. That's all a McKenzie Electric project. And John Skurupey can address that in more detail than I can.

Q. Were you involved at all in the Rural Utilities Service's Department of Agriculture process, the record of decision?

A. Yes. I provided the studies that were used as justification for the project in a similar

fashion as we do with the Public Service application. In that RUS application there would be a section that addresses the transmission studies required to -- or needed to justify the project.

Q. Would you have been the main person to ask any questions about that record of decision or -- I'm assuming from the previous hearings that that would be Mr. Miller, but I could be incorrect.

A. Cris Miller could answer the questions for the entire application. I could just answer questions regarding the purpose and need for it.

MR. ARMSTRONG: Okay. I'll save my question for him because I think it's better for him. Thank you.

THE WITNESS: Okay.

MR. ARMSTRONG: That's all I have.

JUDGE MANN: Mr. Schock.

CROSS-EXAMINATION

BY MR. SCHOCK:

Q. You said if this project wouldn't be built, we'd have to rely on the existing 115 kilovolt line that McKenzie Electric owns, but at some point that line would be overloaded or could no longer handle additional load. From your

forecast when do you anticipate that would happen?

A. Well, it could happen as soon as -- I think 2018 was kind of our drop-dead date, but given the huge load growth, it could happen before then. It's really hard to tell because the load forecasts are so unpredictable. But I think our feeling is about 2018 is the absolute drop-dead date, but we'd like to get it in sooner. I think McKenzie would prefer to see it in '16, but I'd say sometime between 2016 and 2018 for sure.

MR. SCHOCK: Thank you. No further questions.

JUDGE MANN: Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor.

EXAMINATION

BY COMMISSIONER KALK:

Q. Thank you, Matt, for your testimony. The -- as I know, you're aware that the Commission has a role of coming up on Southwest Power Pool's regional state committee, and so I'll probably ask some questions that might be more related to that than this particular project since you've got such good background with the integrated system.

Is there anything hanging out there from FERC that you need approval on as you go into the

Southwest Power Pool and this particular line? Any tariff disputes, anything like that that we should be aware of?

A. Well, as you're aware, FERC gave preliminary approval for the IS, integrated system, joining SPP I think it was last summer, and there is a few caveats to that, and I think mainly it was the IS working out some issues with Otter Tail and Montana-Dakota Utilities, and those conversations are currently under way. They've been under way for quite some time. And I think there is another round of negotiations -- or meetings scheduled with Otter Tail and MDU this month, and I think at the end of this month is a final settlement conference with FERC to hopefully resolve those issues.

And those issues we have with MDU and Otter Tail are mainly regarding how we account for transmission service on their facilities that would be within the SPP footprint and then vice versa for IS facilities that might be served off the MISO footprint. So that coordination is quite complex and has taken a while to resolve.

Q. But is there anything in those negotiations that would negate having to build this line?

A. Oh, no. No. There's nothing regarding those -- those discussions that affect this line at all.

Q. Okay. Thank you. The -- how does it work when -- since this becomes an open-access transmission line, how does that work if someone -- a wind farm developer or a natural gas developer wanted to build some of their own generation in this area? Would they be given access to interconnect to this line?

A. Yeah. Absolutely. What happens is the line gets placed in a regional tariff. It's going to be a bulk electric system facility and it will be submitted to SPP for cost allocation. So the other side of that is because it's in the SPP tariff, then it's an open-access facility. Any developer who has a project -- a generation project in the area can make a request to hook to that facility. Then SPP would accommodate that request, perform the required system impact studies to determine the impact of that request.

So that is the -- the whole goal of the RTO is to even-up the interconnection process, make it consistent amongst not only the incumbent utilities, but also any third-party developers.

Q. Is there any way to measure how much more generation this line could support moving north and south? We know it can support what you -- from AVS what's going to move up, but could it support another 300 megawatts of generation in the middle or is that what this study would flesh out?

A. Well, it would provide a path back to the backbone. Say, for example, this line was not built and you wanted to -- say you wanted to build a 300 megawatt gas unit or wind facility in eastern McKenzie County. You would not be able to move that power back to the backbone because you'd only have a 115 system to move your power. So having this 345 network through that area opens up that region for additional interconnections if they were ever to occur.

Q. So this project is not only good for your need, it's good for other generation needs, other -- other sources in the future?

A. Well, it spreads out the 345 kV highway system, so to speak, so if -- it would -- if you had a plant that was otherwise economically advantageous to locate in a certain spot in eastern McKenzie County, then you'd have the transmission system there to accommodate it -- or potentially

accommodate it.

Q. Okay. And just a couple more, Matt. The -- does Basin's reserve margin change at all as you enter Southwest Power Pool from what your current reserve margin is?

A. I believe it does, but I don't know those details enough to give you a good answer.

Q. Okay. And then I guess the last thing I would have is the -- is it a guarantee that this line will go into Southwest Power Pool's system or is there still some big hurdles that have to be taken care of?

A. I wouldn't say it's a guarantee. We have a process we have to go through to submit the project to SPP for their cost allocation to get their official notice -- what they call a notice to construct, and that's not happened yet. So it's just a process we have to go through. Our intention is to make that happen.

Q. So if that wouldn't happen, is Basin prepared to then pay for their -- I shouldn't say their cost -- pay for the additional costs that might not be covered?

A. What would happen then is the project would default to the zonal rate. SPP has two

rates, what they call -- or what can be called highway/byway. So you have a regional tariff that accommodates all lines above 300 kV and then a zonal tariff for all other facilities, and they're just added together. The advantage of the regional tariff is -- in our case is if you have a 345 kV system, it's greater than 300 kV, so those costs get spread amongst the entire SPP footprint. So our SPP friends are going to share in this part of the cost.

Q. But the default position is it drops back to the zonal rate. I didn't under -- didn't know that.

A. It drops back to zonal rate, so we'd absorb those costs locally. One thing I should have mentioned earlier was that's only if the entire loop gets built. It has to be a network facility to get any kind of tariff coverage. If we fail to build the Roundup to Kummer Ridge line and the Kummer Ridge to Patent Gate line remains radial, that's not networked; right? That's just a single-user line. We could not get any cost recovery through any tariff mechanism for that facility. We'd have to absorb those costs ourselves in some fashion.

COMMISSIONER KALK: Okay. Thank you, Matt. No further questions.

JUDGE MANN: Commissioner Fedorchak.

COMMISSIONER FEDORCHAK: Thanks.

EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. Matt, you've spent a fair amount of time already trying to kind of lay out the full picture for the need. I'm still not getting sort of all the pieces put together, so I'm going to go through the big picture and try to get more granular so I better understand.

A. Okay.

Q. In your prefiled testimony, you say by the year 2018 the Bakken load is expected to approach 2100 megawatts. What is the Bakken area load today?

A. Today it's -- that's a good question. Today it's about 1500 -- 1500 megawatts.

Q. Okay. And is a majority of the future load coming from the McKenzie County area? So you've got 1500, so 600 more megawatts projected by 2018. Is a lot of that in the McKenzie area?

A. Yeah. Usually the growth is split half and half between McKenzie and Mountrail-Williams.

Q. Okay.

A. We were seeing growth say in Burke-Divide or Sheridan or other areas, but I think that growth is going to pull back to the center of the Bakken because of the lower prices, at least for the next few years.

Q. Okay. So this project provides a capacity to serve that -- that lead -- that load. What are the longer-term load forecasts showing for Bakken load beyond 2018?

A. It -- our forecasts show just a continual steady growth beyond 2018. So, for example, we mentioned 2100 megawatts in 2018. By 2021 we're expecting 2500 megawatts. So roughly about a hundred megawatts a year going out for the foreseeable future of load growth.

Q. How long will this project serve your transmission needs for that -- beyond 2018?

A. Right. This project will serve McKenzie Electric territory, that area south of the river, for way beyond 2018, and the problem is going to move up to the Tioga-Minot area. So once we fix those problems, we'll be, you know, trying to push the next limit. I'm not even sure what that's going to be yet.

Q. Okay. So then you'll make the transmission investments north -- north of the river, but McKenzie Electric with this project will be served for the indefinite future --

A. That's correct.

Q. -- from a transmission standpoint?

A. Yep.

Q. Then tell me how this meshes with your generation -- the additions of generation -- some of your generation projects.

A. Yeah. Good question. We're trying to use generation not only as a peaking resource but to backstop the transmission system. So we have the additional units at Lonesome Creek, and one thing I neglected to mention before was the Patent Gate substation is also a point of interconnection for Lonesome Creek too. So we're going to hook up Lonesome Creek Station and the additional units that are being proposed there, it's going to be connected to Patent Gate and also Watford City. So the generation will be able to support or use either of those system on-ramps.

As far as other uses of the generation, they're just peaking resources in our fleet, so they'll operate during the hours of peak load as

needed for that purpose. Then also if we have transmission problems, we can operate those as what's called must-run units because they provide some capacity that is lost if transmission lines are out of service.

Q. How does -- and this isn't related to this application, but how does the Pioneer generation connect to the AVS to Neset?

A. Pioneer is connected to Mountrail-Williams' 115 kV system, which is then connected back to Judson Substation via Williston.

Q. Okay.

A. So the Pioneer generation that's in excess to the local amount of load that is served in the Williston area would be injected into the 345 system via Williston and Judson substations.

Q. I think Commissioner Kalk asked a similar question, but I'm just trying to get a big picture so I can describe to folks who ask us about this. How -- so you've got this pretty high-capacity transmission system that can carry a lot of new generation. Do you -- how many more new generation units do you anticipate being able to add to this system, assuming you make the improvements on the north side of the river as well?

A. Well, once we get the entire 345 system built, we have our generation plan under way for Pioneer and Lonesome Creek. So the question would be how much more generation could you add on top of that?

Q. Mm-hmm.

A. I don't know the exact number, but it should be significant for two reasons: Because you have this backbone system available and plus you have a lot of load in the area. So from a generation injection perspective, it's -- you have the best of both worlds. You can serve a lot of local load, plus you could move the excess back to a real high-capacity system. So I hate to give you an exact number because I've not done the studies for it, but it would be -- you know, it would be a significant amount of power we can move back from the Bakken area into the rest of the grid.

Q. Okay. Then I want to get a little bit more granular on this particular line. You mentioned additional network deliveries required on this line in your prefiled testimony. Tell me, what does that mean?

A. Network deliveries are these -- what I referred to earlier as these off-ramps off the

high-voltage system. To Patent Gate, Kummer Ridge and Roundup would be network deliveries. So we're taking the high voltage -- or the high-capacity system, the power on that system, transforming it to lower voltage for delivery to our member, McKenzie Electric. That would be the network deliveries.

Q. Okay. So on this particular line, Phase I of the North Killdeer Loop, tell me what sort of -- I think you were the person who could describe some of the customers along that line and near it that are going to be served, gas plants, et cetera. Can you -- is that -- are you the correct person to answer that?

A. I can take a run at it, but John Skurupey is here and he could provide much better information than I can, but I can try to answer the question.

Q. Sure.

A. The question is what types of loads will be served off these deliveries. What will happen is once the deliveries are in service, the McKenzie Electric system will be reconfigured so -- so, for example, at Kummer Ridge, McKenzie has a rather large 115 distribution system being built out of

that area. They would sectionalize their system, so they would serve all of the load in eastern McKenzie County from their 115 system from Kummer Ridge. So it would be the local towns, ranches, oil wells, gas-processing plants. All the load in eastern McKenzie County and -- and John can confirm this for me -- would be served out of the Kummer Ridge sub. Then, likewise, around Patent Gate, all of the 115 system from -- in that Patent Gate area would be served. So you take a radius of maybe 20, 30 miles from each of those deliveries, all the load would be served from those network deliveries. So not just in one -- not one particular customer or another; it would be everybody in that geographical area.

Q. Okay. Then a few questions related to more like on-site generation, some things that -- issues that came up a lot in our first hearing with the AVS to Neset. Maybe -- would you be the correct person to ask this?

A. Sure.

Q. Okay. So in that hearing, you know, a fair number of folks wanted to know why we can't place generation on the well sites and at the gas plant sites, et cetera, to kind of self-generate

and why that can't be more of a solution to this -- this electricity need. Can you walk through the reasons -- the shortcomings of that approach that was described in our first hearings on these -- the AVS to Neset?

A. Yeah, I can try to address it. I know that wellhead generation has been experimented with and there is a couple of sites in service up in the Mountrail-Williams area, but for whatever reason there must be some economic disadvantages. It really hasn't taken off.

As far as larger generation sites, we're doing that at Pioneer and Lonesome Creek. We're installing these gas-fired units. I think the issue is economics of several small units, you know, say one or two megawatt units, spread across the entire area versus consolidated 30, 40 megawatt combustion turbines. You're much better off taking advantages of the economies of scale versus the distributed generation concept. So that's one consideration, I believe.

The second consideration is if you try to install a lot of generation off the 115 kV system, you're eventually going to overwhelm its capacity to absorb the generation. So from a regional

perspective you really can't do that beyond a certain point because you need to be able to hook that large amount of generation back to a stronger transmission system just to keep it in synchronism, for one thing, and then being able to move that power onto the grid during times when the load is not available or not being -- needed to -- needed to be served.

Q. In your final paragraph of prefiled testimony you said, "The scale of the required transmission to support a generation-only solution would be similar to the proposed project."

Can you explain that a little bit.

A. Right. So we have the 2100 megawatts of load in the area. If we took the extreme example and we're going to self-generate 2100 megawatts for load, well, that's -- 2100 megawatts, that's the capacity of all the units in the coal fields. So obviously you would need to build some kind of transmission system to tie that generation together and move it to the loads, and suddenly you're kind of back to the configuration you would have today moving power from the coal fields to the loads. It would just be in the reverse direction.

So the point of my comment there was when

you take an extreme self-generation option to integrate that generation and move it to the loads in an efficient manner, you're building a large-scale transmission anyway, so it's a very similar impact to what we're proposing today and in previous projects.

COMMISSIONER FEDORCHAK: Okay. Okay. I think that concludes my questions. Thanks.

JUDGE MANN: Commissioner Christmann.

EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. Mr. Stoltz, are you familiar with recent ONEOK or any other gas-processing projects that have either come online recently or are proposed?

A. Well, as far as being familiar, I work with the member co-op managers quite a bit and they apprise me as to the load forecasts, how they're doing almost on a weekly basis. So I hear when the new ones are coming online. So ONEOK is a very active player in the gas-processing business. So I'm aware that they have probably a dozen projects active in McKenzie County, and seems like a new processing plant comes online every two, three, four months. In fact, I think one is due to be in service by the end of this month.

Q. And how much power does one of those processing plants typically require?

A. Typically they're about 10 to 15 megawatts. Although, there's one that's about 30 megawatts up by Judson Substation and I think the processing plant by Tioga is upwards of 70 megawatts. But I think on average they're typically about 10 to 15 megawatts. And Mr. Skurupey can address that in more detail than I can.

The concern is, you know, they're a major electrical load. In fact, they probably are the main driver for the load growth because as we capture more of the gas, it has to be processed and that processing is a very electrical-intensive process, obviously, because those are large loads.

Q. And then that's what I was driving toward. Would you -- do you feel it's fair to say that this project is an important part of the state's overall goal of lessening the amount of gas that's being flared?

A. Yeah. Exactly. We'll provide the capacity to serve these gas-processing facilities to accommodate capturing that gas and making it into a commercial product.

COMMISSIONER CHRISTMANN: Okay. Thank you. No other questions.

JUDGE MANN: Ms. Jacobson?

MS. JACOBSON: Nothing, Your Honor.

JUDGE MANN: Mr. Armstrong?

MR. ARMSTRONG: Nothing further.

JUDGE MANN: Mr. Schock? Commissioners, anything further?

COMMISSIONER FEDORCHAK: I do have one.

JUDGE MANN: Okay. Go ahead, Commissioner Fedorchak.

FURTHER EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. I just was reviewing my notes. I have one more question for you, Matthew, and this may or may not be appropriate for you, but I'll ask. So I heard from some folks who are exploring on-site generation that they -- one of the hurdles -- there's a few different hurdles -- but one of the hurdles that they have experienced is they feel like they're almost being discouraged from pursuing it because if they have excess generation, it's difficult for them to get a fair price to sell that back from -- and I don't know if that's -- if Basin gets involved in that or if it's more of the local

co-op. Do you have any thoughts on that?

A. I can't address the pricing issue specifically, but when we join the SPP RTO, each substation on the grid is going to have a -- what's called a price, a locational marginal price. So in the future if you have an entity that wants to generate, all they have to do is make an interconnection request to SPP, and if that impact -- if that's not impactive and they're allowed to interact and operate a generator to the grid, they'll get paid that calculated price the same as Basin will or any other utility generator would. So I'm not really sure -- maybe they have issues today in the old world, so to speak, but going into the future in the SPP market they'll have the same ability to generate as anybody else would.

Q. So they would be able to go direct with SPP? They wouldn't have kind of the intermediary players involved --

A. If you're --

Q. -- if you're gen -- if you have excess and they want to sell it back?

A. If they're hooking to the bulk electric system.

Q. Okay.

A. So if they hook into the 345 line or a 230 line that's part of the SPP tariff, they'd have that ability to do that.

Q. What if they're hooking through McKenzie's, you know, 115 into then the bulk delivery system?

A. Then they have to work with McKenzie to get capacity and pay their tariff and then they'd be able to get access to the SPP tariff then. They'd just have to pay additional costs to get across McKenzie's system, and John could probably address that better than I could.

Q. Okay. We'll talk to him about that.

Can you tell me what sorts of challenges you see. Just technical challenges or any others from this whole, you know, potential future where there is technology to generate using the flare gas, et cetera, on site, generate electricity to support those wells and then if there's excess connecting to the grid, et cetera. What -- this is a great solution for some folks, you know, looking forward. They like this idea. Tell me what kind of technical challenges does it present.

A. Well, as far as having, say, hundreds of

little generators scattered across the system -- is that what you're referring to? Is that kind of the concept?

Q. Right. Yep.

A. I think the biggest technical challenge would be maintaining communications to each of those sites, being able to dispatch those when needed. I think technically there's not an issue as far as that's concerned. We could accommodate a large number of little units, I think just coordinating their operation. Also there's issues with -- say they're embedded on the lower distribution system, then you have some maybe safety issues where -- typically today with -- with our distribution system, it's kind of a network delivery going down stream to the customer. So if you want to -- if you have some storm damage and you want to repair something, there is no active source at the customer end, and so you can -- you can take grounding on the delivery, but now if you have a generator down there at the remote end, suddenly you maybe have some issues with coordination of that, things of that nature. So it's kind of the devil is in the details, but I think overall the idea has got potential. So I

wouldn't dismiss it. I would just be worried about some of the unintended consequences.

COMMISSIONER FEDORCHAK: Okay. Thank you. I appreciate that.

JUDGE MANN: Ms. Jacobson, any follow-up on that?

MS. JACOBSON: Nothing further, Your Honor.

JUDGE MANN: Thank you, Mr. Stoltz. You can step down.

I think we'll take about a ten-minute or so break.

(Recessed at 10:13 a.m. and reconvened at 10:24 a.m.)

JUDGE MANN: All right. We are back on the record.

And, Ms. Jacobson, you can call your next witness.

MS. JACOBSON: Thank you, Your Honor. Mr. Gary Christenson.

JUDGE MANN: Mr. Christenson, before you testify, I'm required to give you an oath and advise you of the penalty for perjury in North Dakota. It's a Class C felony, punishable by a maximum fine of $10,000, a maximum five years'

imprisonment or both.

(Witness sworn.)

JUDGE MANN: Okay. Go ahead.

MS. JACOBSON: Thank you, Your Honor.

GARY CHRISTENSON,

being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. JACOBSON:

Q. What is your name, business address and occupation?

A. I'm Gary Christenson. I've been employed as a civil engineer for Basin Electric at 1717 East Interstate Avenue, Bismarck, North Dakota.

Q. And what is your employment history?

A. I've been employed with Basin for over 42 years, but recently retired as of February.

Q. And what have been your responsibilities in connection with the proposed project?

A. Well, I've served as project engineer, project manager. I've been heavily involved with this project from the beginning. And as project manager we were responsible for -- or I was responsible for the design and the routing process, the coordination of the efforts with the

right-of-way folks and environmental permitting, and just the engineering efforts of coming up with a design, coming up with bid packages for the material and the construction.

Q. And can you please describe the design of the structures that will be used for the project.

A. This project is going to utilize a single-pole structure. It's about 120 -- 115, 120 foot tall. A delta configuration for the conductors, meaning two conductors on one side and one on the other side, and typical overhead ground wire and optical ground wire on the top. It's a nice-looking structure with neat lines. It's pretty typical nowadays that a single-pole structure is used.

Q. And approximately how many structures will be needed for the proposed project?

A. I think there's around 155 because the typical spans are going to be in the range of 950 feet.

Q. Did Basin Electric consider placing the project underground?

A. Well, we always do because it's a question that always comes up, but it just is not reasonable or rational for this type of a project. So -- it's

very expensive. I can go into the details as to why we're not doing that, but it relates to the size of the dielectric or the conductor for a 345 kV. It's probably five and a half inches in diameter, and you can imagine the kind of coil that you would need or reel to get any kind of length on one truck and it really comes down to the logistics.

Certainly the technology is out there to bury 345 and it is done on the East and West Coast. Most of the wire comes in from a foreign source. I think Korea builds it. And it comes in on a ship and it's probably a reel that's laid flat on the deck, transitioned to a barge, and so it's used maybe in San Diego, San Francisco, New York where they need to cross a bay, cross a river, but it's just not practical out here in the open spaces. So it's not something that we really look at too seriously.

Q. And can you please describe the considerations Basin Electric looked at when routing the proposed project?

A. Well, there's a lot. You know, as an engineer, we would just like to draw a straight line from point A to point B, but that kind of

defines the corridor. We would look at a six-mile-wide corridor and then look at all the environmental and cultural aspects. Cris Miller will testify to that. But we look at all of those things and the avoidance and exclusion areas that the PSC describes, and we have a lot of tools nowadays with the aerial photography being available and we can look at the whole area pretty closely, plot the farmsteads, look at the cultivated land versus pastureland. And after a while you come up with something that looks reasonable.

And we try to route on quarter lines and straight lines because it seems that the landowners are much more in favor of that than the diagonal routes that we used to do. Nobody likes to farm around the structures, so that works out better.

And then it's an iterative process. The right-of-way folks go out and visit with the landowners and we make changes to accommodate their needs. And after a significant period of time we come up with a route and that's what we've done here.

MS. JACOBSON: Thank you, Mr. Christenson.

No further questions, Your Honor.

JUDGE MANN: Mr. Armstrong.

MR. ARMSTRONG: Thank you.

CROSS-EXAMINATION

BY MR. ARMSTRONG:

Q. So, Mr. Christenson, were you the project manager then on this project until you retired?

A. Well, I transitioned from -- I was project support this summer because I transitioned this summer and I retired last month.

Q. Okay. I'm just going to maybe jump around a little bit. I believe in your testimony you talked about some additional environmental impacts as well to burying transmission lines of this size.

A. Well, there is, because you dig a trench and you disturb the land a lot more than you would just with the structure.

Q. I -- my note I think is correct, but I think Ms. Wangler pointed to you to ask about the impact of construction with the planned DOT projects. Were you involved with that as well?

A. The planned DO -- oh, the road?

Q. Yeah.

A. Well, yeah. We have to be aware of what goes on there because we need to provide adequate clearance over the roadways and spot structures

accordingly.

Q. I was thinking more in the range of during construction, because I think the legislature is in session and the application talks about some major highway projects up in the Watford City area coming in the future. How does Basin work with the DOT for getting construction equipment, materials, supplies to this area when there's, you know, limited highway access?

A. Well, we're going to try and stay off of the main roads to the extent we can. That's a coordinated effort that is typically done with our contractor, and certainly there are approvals that we obtain from the highway department and the counties and every agency that we need to with respect to access.

Q. Are you aware of any expected impacts from those highway projects that would impact the construction of this project?

A. No, I'm not.

Q. Are you familiar with the record of decision for the AVS to Neset in this kind of whole group of projects?

A. Somewhat, yes.

Q. I'm wondering if you're a person who can

answer how much flexibility as far as moving this route or the corridor is left after that record of decision?

A. Well, the record of decision doesn't -- doesn't dictate an actual specific route like the PSC does. So there's flexibility I think with this project still.

Q. And that's the one I'm talking about.

A. Yeah.

MR. ARMSTRONG: Okay. That's all the questions.

JUDGE MANN: Mr. Schock.

CROSS-EXAMINATION

BY MR. SCHOCK:

Q. You spoke a little bit about it's infeasible or not economical in this area to bury a line of this size. Can you talk a little bit more about why that is. I'm not very familiar with how -- the dimensions of these type of things.

A. Well, the conductor, like I said, it's big. The dielectric for 345,000 volts is significant. In fact, I'm surprised that the industry is able to -- the technology has evolved to the point that you can actually contain that voltage gradient within that diameter, but -- so

those cables are buildable. But they're very, very expensive.

It comes down to, like I said, the logistics of handling that size of wire for a big area. You can't put it on a truck except for really small segments, small pieces, and then splicing it is a huge task. And there's risks associated with that too. So the technology is out there for cases where you really have to do it. In congested cities you can imagine that that's the only alternative you have. But we're out here in the wide-open spaces. Yeah, we have to work around oil pads and other restrictions, but there's room to build a transmission line. And it's -- it's much more reliable too. If you have a fault and a failure, it's a -- it's a big undertaking and you cannot just repair in a hurry.

We did an analysis to cross potentially Lake Sakakawea, and we come up with 60 million plus for two miles and we still had a lot of unknowns because of the logistics, the inability to move the product across the continent. You know, it works on ships if you have access to big ships that are specifically made for that application, but we -- we don't even have the ability to put a barge in

the Missouri River or Lake Sakakawea. So we just had to throw it aside, but we did look at it.

MR. SCHOCK: Okay. Thank you. No further questions.

JUDGE MANN: Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor.

EXAMINATION

BY COMMISSIONER KALK:

Q. Thank you, Gary, for your work with Basin Electric for the years. But I would just say that typically when you retire, that means you don't go to work, so -- just for what it's worth, sir.

A. That's true.

Q. But thank you for taking time to come out today.

A. You're welcome.

Q. Just a couple questions. What is the life expectancy of a line like this?

A. Well, it's indefinite in a lot of respects. And I've been doing this for 42 years, and we built some lines that are wood pole lines in '78 and they look pretty good yet. So I think financially they're -- we're at a what, 25-, 35-year period, I don't even know, but they could last a long time.

Q. That's kind of what I figured. I just wanted to get it on the record.

A. Especially a steel line like this. If it was wood, we'd have a shorter life span, but there's not a whole lot that can really deteriorate.

COMMISSIONER KALK: Okay. Thank you.

JUDGE MANN: Commissioner Fedorchak.

COMMISSIONER FEDORCHAK: Sure. A couple questions.

EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. Gary, thank you for coming. Tell me, in your prefiled testimony you outlined some of the landowner concerns, the ways in which the company has addressed landowner concerns, mostly by the choice of the type of pole, using the single pole versus the H or four-legged. Tell me what else you guys do to address landowner concerns when they come up.

A. Well, we try to locate so as to minimize the interference with their farming operation. It doesn't matter if it's a single pole or four-legged or an H-frame, you know, it's an obstruction and you have to go around it. So we've concentrated on

some open quarter line areas, and many times there's a division of land ownership there and there's, in most cases, even a grass strip, so the landowners share half a structure so to speak, and that works. In other cases we try to -- if we're going to follow a section line, we would move far enough away from the section line to facilitate their equipment between the section line right-of-way and the structure. And we work out those details and everybody has some different opinions on that, but we try to accommodate the landowner's needs as best we can and try to utilize pastureland and rangeland wherever possible.

And if you look at the maps, you'll see how that kind of fits. We've stayed off of some of the prime cultivated land, but it's not possible all the way through.

Q. Okay. Are you the person to talk to about easements?

A. Mike Murray will have to deal with that. He's in easements.

Q. Oh, Mike. Right. Let's see here. You've also mentioned you need five or six structures per mile and you mentioned you've been doing this for 42 years. Have there been advances in the

technology to offer fewer structures or is that an area that's changing at all or you anticipate changing so you can use fewer to get the same length of the line?

A. A conductor is going to sag and there are optimum tensions for the conductor that -- that relate to longevity for the conductor. We design for 40 percent, roughly, out of NESC code load and you can vary that a bit, but in the end the conductor is going to sag. So we could build this line with big structures and have spans -- average spans 12, 14 hundred feet, and that's what we do when we build lattice steel structures. They're a lot bigger. Or we could build with H-frame and have 800-foot spans because Mother Nature only has certain height poles.

But we found that the optimum for this type of construction is in the thousand-foot range. Obviously you could build these poles anything that's needed. It's just a function of the diameter at the base and the thickness of the base. I think Minnkota just built a couple structures or a couple spans across the Missouri River. If you go and stand at the base of those structures, you'll see how huge they are, and that's all

buildable because the technology has come along with the steel fabrication to build whatever you need.

But as I say, the thousand foot seems to be about the optimum, because you can do an optimization study and see where that turns out to be. And we could build this thing with 600-foot spans and shorter poles or 1400-foot spans and taller poles. It all relates to the optimum.

Q. And when you say optimum, optimum for what?

A. Cost. Dollars per mile.

Q. Okay. Does it -- so larger poles would require fewer of them?

A. Sure. Absolutely.

Q. Okay. If they're larger, are they more complicated for maintenance, et cetera?

A. No.

Q. Birds?

A. No. Not really. It's -- it just does come down to what is the dollars per mile, what's the cheapest cost per mile. And it's a bit subjective, but we chose a thousand foot based upon it being kind of the optimum.

Q. Are there differences in how the single

pole versus the H or the four-legged withstand wind?

A. Well, they're all designed for transverse wind. So they'll withstand the transverse load equally. One nice thing about the single poles, though, is because it's a symmetrical structure, so it's going to have some capacity in the longitudinal direction as well just by virtue of its, you know, being a symmetrical structure. H-frames don't have that so much. They are designed for the transverse load, but longitudinally it's a little bit more suspect.

But we -- we put in a dead-end structure every so often so as to not have a cascading type of failure. So the dead-end structure is able to handle the full tension of the wire in line situations.

Q. What does a dead-end structure look like?

A. Well, it looks the same other than the insulators are horizontal rather than vertical. It's not a suspension. It's actually physically dead-ending the conductor. So that structure could stand alone with wire on one side and nothing on the other.

Q. And how often do you place those?

A. Oh, we're about every three and a half, four miles typically. And, of course, every angle structure, depending on the size of the angle structure, is a dead-end structure as well.

Q. Okay. Hmm, interesting. So when you started in transmission and working for Basin, did you think that power lines were -- and the poles were attractive then or is this what happens after 42 years in the business?

A. Have you seen these structures?

Q. Are they the rust-colored ones?

A. No. They're galvanized.

Q. Are they galvanized?

A. Yeah.

Q. I've seen the --

A. Well, certainly that's in the eye of the beholder, but, yeah, these are -- as far as transmission lines are going, these are pretty decent.

COMMISSIONER FEDORCHAK: I will agree with you on one thing. The power they provide is truly beautiful. Thank you.

JUDGE MANN: Commissioner Christmann.

EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. So right at the end you got to my first question. Just to clarify, though, these are all going to be galvanized? There's none of the --

A. On this segment --

Q. -- brown colored?

A. -- yes. We have on the other project got some weathering steel structures because the Forest Service and the Corps required them. But for the terrain that we're crossing here on this Patent Gate to Kummer Ridge segment, they'll all be galvanized.

Q. But that brown, that's the Forest Service preference?

A. It is. And it really depends upon the background. We've talked about this at length, and for background, that's the horizon, the galvanized kind of disappears. But if you have -- against a hillside, then maybe it would be better to have a weathering-steel type. So you could make the argument that you should have different colors for different areas, but we're not going to do that. We'll have all galvanized.

Q. It seems like I haven't heard much of this

for some time, but we used to hear concerns from ag producers about the impacts of power lines on their GPS equipment. I know Basin had an expert in and testified on the original AVS to Neset line on that subject, but do you want to add anything for the record on this particular case regarding that issue?

A. I really can't because I'm certainly no expert on that. I've talked to a few folks and I guess it varies. It depends upon their equipment. It's getting pretty sophisticated nowadays, so I don't think it's a big issue.

Q. The -- the ag producers' GPS equipment is getting pretty sophisticated?

A. Yeah.

COMMISSIONER CHRISTMANN: Okay. No other questions. Thank you.

JUDGE MANN: Ms. Jacobson, anything further?

MS. JACOBSON: Nothing, Your Honor.

JUDGE MANN: Okay. Mr. Armstrong?

MR. ARMSTRONG: Nothing.

JUDGE MANN: Mr. Schock?

MR. SCHOCK: Nothing.

JUDGE MANN: Commissioners?

Thank you, Mr. Christenson. You can step down.

You can call your next witness.

MS. LAMBERT: Your Honor, I'd like to call Cris Miller, please.

JUDGE MANN: Okay. And, Mr. Miller, before you testify, I'm required to give you an oath and advise you of the penalty of perjury in North Dakota. It is a Class C felony, punishable by a maximum fine of $10,000, a maximum five years' imprisonment or both.

(Witness sworn.)

JUDGE MANN: Okay. Go ahead.

MS. LAMBERT: Thank you.

CRIS MILLER,

being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. LAMBERT:

Q. Would you please provide your name, business address and occupation.

A. Certainly. My name is Cris Miller. My business address is 1717 East Interstate Avenue in Bismarck, North Dakota. I am employed by Basin Electric Power Cooperative as a senior

environmental project specialist.

Q. Please describe your employment history and educational background.

A. I've been employed with Basin Electric since 1991. My educational background, I graduated from North Dakota State University in 1982 with a major in civil engineering.

Q. And what have been your responsibilities with the North Killdeer Loop Phase I project?

A. Fundamentally been responsible for performing the necessary studies and coordinating with the multidisciplinary teams inside Basin Electric and our consultants for all the permitting requirements from -- permit requirements from local, state, county and federal permits.

For this project we had a NEPA action that was -- received our record of decision back in the fall of 2014, the Rural Utilities Service, Western Area Power Administration and the U.S. Forest Service were the lead agencies in that effort.

Q. And what is the history and status of the NEPA review on this project?

A. We received the -- all three entities, the Forest Service, Western Area Power and the Rural Utilities Service, all had separate records of

decision. They were all received in late September -- or mid-September of 2014.

As Mr. Stoltz talked about, the change of load forecast changed our original project from the AVS to Neset going up that east lag and then he also talked about the change in load forecast in 2013. What that change in the load forecast did is in the original NEPA process we had either the east side or west side of the Killdeer Mountains, which basically has grown into the North Killdeer Loop. Because of that load forecast change, that required us to build both of those alternatives and then that required us to do a supplemental draft EIS, and that's why we added an additional basically nine months to a year into our NEPA process.

But at the end of the day, both the AVS to Neset and the North Killdeer Loop is a part of that same NEPA process.

Q. Thank you. Have there been any changes to the application since it was submitted by Basin Electric?

A. Yes, there was one. Ms. Wangler alluded to it, and that was the removal of the Roundup Substation from the application and that was requested from -- to the Commission in January of

this year.

Q. And what is the size of the corridor for this project?

A. The corridor is 150 foot, which is the same width as our route -- right-of-way for our route.

Q. And would you please explain why it's appropriate for the Commission to approve this corridor?

A. Certainly. The length and breadth of all the environmental analyses that we performed both through the -- you know, started in the NEPA process, we looked at two six-mile-wide corridors. Inside that six-mile-wide corridor we looked at several thousand foot I'll call it macro-corridors and we had numerous segments that were evaluated.

Through that entire evaluation and analyses that was performed in preparation of this application and also in the NEPA process, we really have no adverse effects of our project. So in essence, you know, the right-of-way and the corridor is appropriate to be one and the same.

Q. And what flexibility does Basin Electric have to move outside of that designated corridor?

A. As far as the -- in the NEPA world, the

six-mile-wide corridor is in essence what was being evaluated. If we are on the edge of that corridor or having to move slightly outside of that, what we would do is we'd go back to the agency and most likely in the lands that we have here in western North Dakota, you know, the land that's immediately outside of that corridor is mostly just like what's inside the corridor, you know, unless there's a major exclusion or avoidance area, but it would be one and the same.

So, again, our environmental analysis will reflect what's immediately if we -- under the scenario of being outside of corridor, they're very likely to be one and the same. It would just be a formal process with those agencies.

Q. And would you please give a general description of the route?

A. Our line is approximately 28 miles. It originates at the Patent Gate Substation. For the first one mile it will be double-circuited with the existing Charlie Creek to Judson 345 line and then for -- the remaining 27 miles over to Kummer Ridge, basically heading east a little bit southerly.

The two substations at the Kummer Ridge is approximately 40 -- a little 40 acres that Basin

Electric owns. We are developing an 11-acre substation. Inside the Patent Gate I believe our acreage is 117 acres, the parcel that we own, and that substation is going to be considerably bigger. It will approximately be 18 acres in size.

Q. Are there any avoidance or exclusion areas found in the route or corridor?

A. There is no designated exclusion areas within our route and corridor. There are -- one avoidance area, and that avoidance is an area that's been identified as a geologic unstable area. That area is a very short span. I believe it's only around 140, 150 foot in length. Our -- as Mr. Christenson testified, we can span 900 to 1200 feet rather easily in a typical span. So that avoidance area would be spanned by our structures so there's no direct impact inside that geologic unstable area.

Q. And would you please describe the current land use.

A. Certainly. For the 28 miles, I believe approximately 16 miles of that is in grassland. We have I'd say eight miles of cropland and the remainder is what they -- from a land use perspective they classify it as shrub, low

vegetation cover.

Q. Thank you. Has Basin Electric received all the permits needed to begin construction of the proposed project?

A. We are still working with the McKenzie County for a conditional use permit. We submitted an application and we had a hearing back in February, and at that time the planning and zoning board requested that we kind of split the project. So we received approval for the -- we received conditional use approval for the two substations, so both Patent Gate and Kummer Ridge has received the conditional use permit.

And the planning and zoning requested us to go back and work with landowners and try to acquire additional easements. As Mr. Murray will be testifying here shortly, he'll give the status. When we went in, I think we were in the -- a low 80 percent of miles acquired, when we went into planning zoning, and I believe today we're over 90 percent, but that activity will still occur.

So our plan is to go back into the planning and zoning board at their April hearing to continue our pursuit of that conditional use permit.

Q. Could you describe how the oil and gas development in the region has affected the environmental analysis?

A. As far as oil and gas, probably one of the most affecting thing certainly is all the activity up here, employees, the roadway, et cetera. From a direct environmental impact it has more to do with our routing of our line, so moving our alignment to facilitate the existing and the new oil and gas infrastructure that gets constructed.

MS. LAMBERT: Thank you. I have no further questions.

JUDGE MANN: Okay. Mr. Armstrong.

MR. ARMSTRONG: Thank you.

CROSS-EXAMINATION

BY MR. ARMSTRONG:

Q. Mr. Miller, I'd first like to talk to you quickly about the record of decision. You mentioned it in your testimony. It's in the application, but I'm wondering if you could tell us in that document -- it's appendix A to the application -- which -- where this Phase I project is identified in there.

A. Okay. The concept of North Killdeer Loop Phase I was not a -- kind of a product of -- in the

NEPA world. We looked at the two macro-corridors. So from the record of decision it -- there would be an associated map, and whether it's defined in the record of decision -- it's certainly in the administrative record.

Q. I think maybe -- I guess you could tell me if I'm wrong, but the substations in the record of decision are labeled by color, red, white and blue. And I guess could you just -- page three of the record of decision, I thought this one would probably be covered somewhere in the bullet point on the top of the page, and I'm wondering if you could tell me if I'm correct.

A. Yeah. That is correct. And what has happened since we were anticipating these low-serving substations, like Mr. Stoltz described, normally we -- we have a naming nomenclature for our substations in there, whether it's a landowner or geographic location. Since our substation wasn't defined by a physical location, when we were preparing the draft EIS, we developed a system to describe them as red, white and blue. That way our staff and all the agencies were able to kind of keep track of them. But as our locations were pinned down and our naming

nomenclature came about, the red substation is reflective to the Roundup station. The white is -- corresponds to the Kummer Ridge and the blue is -- corresponds to the Patent Gate Substation.

So if we look in our description of the project in the record of decision, the -- this will be on the top of page three -- that 27 miles that connects the red to the white substation, that would be the North Killdeer Loop Phase II, and the 36 miles between white and blue, that would be reflective of the North Killdeer Loop Phase I.

Now, the miles has changed somewhat because the actual location of the Patent Gate Substation, which was then referred to as blue, it actually shifted down the line and made a -- so actually made that segment shorter.

Q. And as I understand it, if -- if I understand your testimony, what this record of decision approved was a six-mile-wide corridor to build not only this phase but Phase II as well as the AVS to Neset?

A. That is correct. And that -- you know, that's -- this record of decision describes what we're building. So if we're building the like and kind, you know, reasonable to -- within that

corridor -- that environmental analysis was trying to incorporate all things inside of that corridor. So we -- we -- the environment analysis is a typical 150 foot within that thousand-foot corridor, which is inside the six-mile-wide macro-corridor.

Q. In that process -- well, I don't know if it's that process or not, but I mean regardless of which process, what alternatives were studied for in this Phase I project that we're here for today?

A. There were several. As I described earlier, there were several thousand-foot corridors and there are several segments inside these corridors in the NEPA analysis. So that's where we hired -- environmental evaluation was performed. But as Mr. Christenson then described the iterative process of, you know, doing the environmental work, identifying our cultural work, identifying the avoidance/exclusion areas and the most important one is landowner contact, and it's where the landowners have their preference to site the line, that really is kind of the driver to identify the route that was selected for our application.

Q. So the route we're here for, Phase I, kind of is a result of evaluating the

avoidance/exclusion areas, but then you kind of get the more narrow micrositing, if you will, by landowner relations. Is that what you're saying?

A. That is correct. And it's all of the above, but the landowner certainly has an overlying, I guess, direction as far as a final route.

Q. As far as evaluating avoidance and exclusion areas for the purpose of this hearing, were those evaluated just within the 155-feet-wide corridor that we're -- you're asking today or was it a broader area?

A. The -- depending on what type of resource. A lot of the avoidance areas we will use different resources. Like this one avoidance area that we do have, the geologic unstable area, that was identified on the six-mile-wide macro-corridor. Class I cultural surveys were looked at in that six-mile-wide basis.

But until you get down to the actual route alignment and the 150-foot-wide corridor is where you do the Class III pedestrian surveys.

Q. So the Class IIIs were only on the 150-foot-wide right-of-way and/or proposed corridor?

A. That is correct.

Q. While you were talking about the landslide area, I understand it's going to be -- or geological unstable area, that's going to be spanned entirely?

A. That is correct.

Q. So the Class IIIs then -- well, let's start with the Class I's. Did the wider area -- are you aware of any cultural resource or anything that's maybe not within the 150-foot corridor, but anything significant that I would say is, you know, close to the line or impacted by the line?

A. That's our -- our culture resource person -- or team from Metcalf. Once we identified the macro-corridor, they pulled the Class I survey records from the North Dakota State Historical Society and that helped us identify, you know, some routing opportunities. The -- once we identified the actual 150-foot right-of-way of our alignment, we go back and look at that -- the previous record for the Class I's and they will go back and actually do another evaluation of them to confirm those locations are still there and actually do another site review of that to determine if those boundaries are still where they were previously

identified.

Q. And is that outside the 150-foot corridor or is that inside the 150-foot corridor?

A. There are some cultural sites that are within our 150-foot corridor, but this North Killdeer Loop area is dramatically less cultural-resource intensive as we've had some other areas. So there is one area that I'm aware of that is within our transmission right-of-way and it's easily spanned, so there's no structures inside -- cultural resources.

I also might add there were some cultural resources identified at the Patent Gate Substation and the overall property that we owned. We were -- we purchased 117 acres, but the cultural resource that was identified was on the perimeter of that property and it's not at all near the zone of our disturbance.

Q. What I'm kind of getting at, if you will, is I don't -- I want to get to the question of if there's some cultural resource a hundred and -- well, I guess it would be 80 feet away from the centerline of the route, so to speak, so it's outside the right-of-way. I want some sort of assurance or something that the company has looked

at that and considered it and is not worried about impacting cultural resources that close to the line.

A. Certainly. I guess I can help phrase the -- what do you call it -- the Class III pedestrian survey. When we identify that we have 150-foot-wide, the cultural team actually looks outside of that 150-foot boundary, so there is not a -- you know, to address the issue that you're referring to, that you have a cultural site just on the immediate outside of that 150-foot. So they actually have a little broader -- broader zone of clearance.

Q. Was anything found that you're aware of?

A. There were cultural sites identified, like I said previously, that are inside of the right-of-way, but from what we know from what's been identified, we're able to avoid that for our construction activity. One thing I will point out, that because of the survey permissions that we are -- we've only got -- 75 percent of our cultural surveys have been performed. We did that work in the fall of 2014. Certainly we need to have that ground cover that's conducive to our surveys. So as the right-of-way and survey permissions become

more available to us, we'll have another cultural resource effort here this spring.

I also might add that through our Native American consultations we've also had members of the tribes perform traditional cultural properties on this 28 miles as well, and they are actually at the same level of survey effort of 75 percent for the alignment.

Q. And the remaining Class III surveys will be conducted before construction in those areas were to begin?

A. That is correct.

Q. And have you submitted the Class III surveys that have been conducted along with the mitigation plan to the State Historic Preservation Office?

A. Yes. And we received concurrence and I believe that's another exhibit to today's action.

Q. So the ones that have been completed the State Historical Preservation Office has concurred with your findings and plans to mitigate any impacts?

A. That is correct.

Q. And that will be done as well with any additional Class IIIs in the future?

A. Yes.

Q. Were Class II surveys necessary on -- for this portion of the line?

A. Yes. The cultural effort -- there is a Class II -- it's kind of like the screening effort and that's when they're -- when they have areas of known or potential that requires it for the Class III survey. Class III is a pedestrian on the ground walking a very narrow grid across our project area.

Q. And what's the Class II then?

A. It's more of a screening process that the cultural resource team performs and it's just a little less intensive than the actual pedestrian survey.

Q. I thought the Class II was the visual impact or related to visual impact.

A. There is the -- there is the visual impact analysis I guess in our NEPA process where we did a visual effect determination, but from the cultural resource perspective they will take into account visual impacts but there is also a screening process. I think we're describing the same effort.

Q. And I'm wondering if there were any concerns raised, you know, as far as visual impact

and what was done to address those, if you can remember.

A. From a cultural resource perspective, one of the things that they will do is they'll look at historical properties that are in the area, and that's -- that's the view shed analysis. Maybe that's what you're referring to. That effort was done and it was determined that there was no historical properties that would be affected by our project.

Q. Was there any -- you talked about the conditional use permit for McKenzie County. Was there any necessary change in zoning for this line or not?

A. Not a change in zoning. It would just be a -- it's required to be a condition -- it's an allowed conditional use that's I think with the county.

Q. Oh, I'm looking at one of the maps. I guess it's Exhibit 9. It's the first map. The one thing -- I had a question on that cemetery located on the map, which is zoomed out. It's basically right on top of the proposed route. But if I look at sheet two of -- sheet two of Exhibit 7, I think I found it on there. I'm just wondering if you

could take a look at that and let me know if there were any impacts on the cemetery in relation to the proposed route in the cemetery in that area. On -- you have Exhibit 9 in front of you; correct?

A. That's correct.

Q. And do you see where the cemetery is on there?

A. Yes.

Q. If you go to sheet two of the route locations, it's -- I believe it's just north of the pole 368-022.

A. Okay.

Q. No. Sheet two of Exhibit -- there you go. Yep. I'm just wondering if there's been any analysis of the impact of the proposed route or what this cemetery is that shows up or if there's any impacts or concerns related to that.

A. I'll take the first -- address that, but Mr. Murray will certainly describe that in much more detail when he is up. But as far as that cemetery goes in the southwest corner of Section 29, that cemetery is on the north -- I believe it's on the north part of that section line and our route is on -- or our route alignment is on the south side. But, again, I should let Mr. Murray

address that.

Q. Okay. So he'd be better to ask about the specifics on it?

A. Yep. As far as the cemetery, that's correct.

MR. ARMSTRONG: Okay. That's all the questions I have.

JUDGE MANN: Mr. Schock.

CROSS-EXAMINATION

BY MR. SCHOCK:

Q. In the sound assessment study there's mention of the guideline from the EPA on maximum sound levels is 55 decibels. At each of the substations, you know, there's several receptor sites and there's a couple of them that kind of get into that 50 -- you know, just shy of 55 range. Is there any mitigation that's going to be put into place to minimize those sound levels for those receptor sites?

A. Yeah. If I -- if I recall that noise study, what -- I guess, you know, the team from Burns & McDonnell, they did this analysis and are sitting down in Kansas City and they identified the receptor sites, and as you know, I believe the highest levels will be over at Kummer Ridge.

Q. I believe so.

A. Yeah. And then there was a receptor that was identified just to the north of that, right off Highway -- of the intersection of Highway 22 and 73. I guess it's an area they refer to as Johnson's Corner. That really is not -- it's not an occupied residence. It's more like a commercial -- rural commercial area. So it's not an occupied rural residence.

But to address your question, the levels that were identified were less than the 55, and the 55 is a guideline established by EPA for noise. The transformers that were selected, they did have I'll call it attenuation devices or designs built into them to have a -- to limit the noise that they did emit.

Q. Is there anything that can be done -- so, you know, once these things are in place and let's say that the actual sound levels are above those guidelines, is there anything that can be done once these things are in place to minimize the sound levels?

A. I guess I would have to turn that over to an electrical engineer for -- as far as -- I know the noise-emitting source would be the transformer.

So if there is anything else that can be mitigated, certainly from a -- around the fence line, whether it's tree plantings or a noise wall or something that will help redirect that noise, those are some mitigation measures that could be employed, if required.

Q. Okay. So I want to talk a little bit about wetlands. I think for the most part you intend or you do actually kind of go around or span any wetlands along the route. There's one that kind of looks to me like a pole would be set right in the middle of a wetland. I just kind of want to make sure I'm not looking at something incorrectly.

So if we look at your application, this is the selection criteria maps, sheet two of three. So this would be under the Volume II?

A. Okay. Which map number?

Q. So it's just under -- actually just under Volume II. There's no appendix number yet. So Volume II starts out with a bunch of maps and there's maps on exclusion and avoidance criteria, and right after those is when we get into the selection criteria maps.

A. Okay.

Q. So I'm on sheet two of three. If we look

in the upper left there, Section 30, kind of right where we're -- we turn and we kind of go down to the southwest there. There's a reasonable-sized wetland in that area. And if we actually look at your tower location map, I'm on sheet four of nine, you can kind of see that same Section 30 there where it turns and goes down. It looks to me like tower number 368-052 looks to be in that area of wetland.

A. Yes. I guess what we'd look at is -- so if you're looking at structure number 368-052, you can see a defined creek channel that's actually more closer to structure 51, but as it meanders there -- so there's a little flat area. The maps -- or the structure criteria maps were based off the NWI wetland criteria. So the actual, you know, boundary if it is a -- you know, it's a jurisdictional wetland, the NWI maps are more of an indicator, and we believe that this structure is outside of any defined jurisdictional wetland.

Q. So it's maybe more of a -- you know, maybe a springtime runoff type of wetland area than during the normal -- well, what would probably be your build season, so it's probably a dry area?

A. Correct. So what we'll do is -- you know,

from a construction point most likely the -- that channel, unless it's dry and firm ground, we will just avoid traveling through that area on the construction side. But as the structures are on either side of the actual operation of the transmission line, it should not affect that wetland area.

MR. SCHOCK: Okay. I have no further questions. Thank you.

JUDGE MANN: Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor.

EXAMINATION

BY COMMISSIONER KALK:

Q. Thank you, Cris, for your testimony. Been with the Commission a lot the last few weeks, haven't you?

COMMISSIONER KALK: The -- first I just have a question for our attorney. Mitch, is there a way that we could take official notice of our previous hearing, the AVS to Neset? I think these cases are so closely related that we should somehow put them two together in this hearing.

MR. ARMSTRONG: You mean include the entire record of AVS to Neset within this one?

COMMISSIONER KALK: I just trying to think

of some of these things, like Mr. Commissioner's question about the -- how things may affect the GPS and some of the NEPA decisions. It would just be nice if we could officially reference stuff in there if we ever need to.

MR. ARMSTRONG: There's ways to do that. Could we talk about it on a break maybe after --

COMMISSIONER KALK: Absolutely. I just want to bring that out now.

Q. (COMMISSIONER KALK CONTINUING) Because, Cris, I really only have just one really question for you between Mitch's and Victor's questions and your testimony. I just wanted to get clear the -- so roughly 25 percent of the land you still haven't been able to do the cultural surveys on and you're working through your landowner issues, I understand that. But what would be the methodology if you go out to do the surveys and you find something that you just have to move the route away from? Just walk me through the process the company would use to do that.

A. Okay. First of all, the cultural resource still is underneath the guidance of the programmatic agreement that was signed by the federal agencies and all the interested parties

that were engaged in the overall -- you know, through the NEPA process. So the people who, you know, brought up some issues like the battlefield issue, et cetera, they were signators to that.

So the methodology of how do we address future cultural resource, whether it's identification, the agency contact, et cetera, that's -- that programmatic agreement is the guiding light.

If there was a cultural feature or any other avoidance area that would be identified and it would require a route alignment, what we would do is we would get back with the engineers, the landowners, et cetera, and come up with an alternative route and file an amendment with this body.

Q. Okay. And that's kind of what I thought you'd say, but I wanted to make sure we're clear. So if it's something that as you worked through it you could span, that's probably the first thing you'd probably do. If it's something that you had to make route deviation, you've done enough of the surveys, you feel you have adequate range to go north or south or east or west or whatever it might be?

A. That's correct.

Q. Okay. And how does the SHPO tie into that? Do you feel you've have to have a SHPO concurrence on your route change or just that site that might be affected?

A. No. No. Certainly the North Dakota Historic Preservation Office would be a part of that conversation, in addition to the Western Area Power, who is our Section 106 lead as well. So it's the concurrence of those two bodies would help us -- would help drive our decision.

COMMISSIONER KALK: Okay. Thank you.

JUDGE MANN: Commissioner Fedorchak.

EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. Cris, just a few questions for you. Tell me -- this is just so I understand how NEPA and the RUS record of decision -- are they the same thing? How are those two coordinated or --

A. The Rural Utilities Service was our lead federal agency, and because we also had a federal nexus with Western Area Power Administration and also the U.S. Forest Service, so they were cooperative agencies. So each of those entities have their -- had separate record of decisions

because they have separate actions.

Western Area Power, they evaluated our impact of interconnection with their substation, which is the Williston 230 substation. And the U.S. Forest Service, at the end of the day they evaluated the impact to our lands that we cross on the Forest Service area that was on our AVS to Neset project, you know, the original line between Charlie Creek and Williston.

So on this segment should it have been a stand-alone project all by itself, our only federal nexus would have been Rural Utilities Service. But since we -- we described both of these segments the entire project, from a NEPA perspective, it was referred to as the AVS to Neset 345 transmission project. So in NEPA it means both the east and the west legs, including the North Killdeer Loop.

In front of this body, our state siting application referred to the original Antelope Valley Station to Charlie Creek to Williston to Tioga as the AVS to Neset project as well. The North Killdeer Loop is what we're here for today and that's described as the North Killdeer Loop Phase I, and then we'll be coming back for the North Killdeer Loop Phase II.

So we have kind of the same name, but depends on what body of discussion you are in and it kind of means different projects.

Q. Was there one record of decision that all the different agencies signed off on?

A. They all had independent record of decisions.

Q. Okay. What's the document in our application that has all the signatures for?

A. The -- there should have been -- or there should be -- one of the things that they will do is they will send the record of decision over to everybody so they all have common language and, of course, I --

Q. It's under -- the one I'm looking at is Appendix A in the application.

A. Yep. The only one we have here in front of us is the Rural Utilities Service record of decision.

Q. Okay. All right. I was looking at one -- another one that had everybody's signature on it, Forest Service and --

MR. ARMSTRONG: It's the programmatic agreement.

THE WITNESS: Was that the programmatic

agreement?

Q. (COMMISSIONER FEDORCHAK CONTINUING) Okay. How does that relate to --

A. Okay. As I said earlier --

Q. -- the record of decision --

A. -- so that's --

Q. -- and everything else?

A. Yeah. That's the overriding guideline, so to speak, for the cultural resource section, so --

Q. I see.

A. You also have the participating agencies. The tribes were able to -- or were invited to sign. No tribal entities were signators, but we had some private groups, like the Killdeer Mountain Alliance, they were signators to that programmatic agreement. So that's our guiding principle as to how we move forward to address cultural resource issues.

Q. Okay. What did you call that again?

A. The programmatic agreement.

Q. Okay. Okay. That's the cultural resources.

A. Yeah.

Q. I don't want to belabor this, but I want to understand. The -- how does NEPA feed the

record of decision? There's one NEPA process, right, and it feeds all of these records of decision?

A. What NEPA really is is the project proponent, in this case of Basin Electric. We identify a project. Then we identify what federal agencies would be -- have some type of federal nexus. So then the agency has to make a determination if their agency is actually affected and then whether they will participate in the development of a -- of the NEPA -- or participate in the NEPA process. So typically you have one agency who will be a lead agency and the other agencies will be signators as a cooperating agency. The --

Q. RUS was the lead agency?

A. In this case Rural Utilities Service was the lead agency for the performance of the NEPA. Now, Western Area Power actually took lead for the Section 7 consultation and 106 with the U.S. Federal Wildlife Service.

But as the -- NEPA then reaches out to other agencies, state and federal, so that's why they have an agency scoping meeting, and that was held in November of 2011. It's been a while since

we started this process. And then the NEPA process reaches out to the public and we have public scoping meetings. So we -- we go out and we tell people what our -- we anticipate the project to be, what we anticipate the impacts or purpose and need, et cetera. And the public is -- has the ability to weigh in and describe to the agencies what are their concerns, you know, whether it's environmental, social, economic, structure types, actually, you know, is the project needed.

So the NEPA process then is -- compiles all that public input and agency input and requires the -- the documentation of the environmental analysis by all the different resource areas that are typically done in a NEPA analysis and it's packaged. And then at the end of the day the agencies then write a -- they have a formal document which they refer to as a record of decision. And each federal agency's record of decision basically addresses their federal nexus.

Q. I see.

A. Again, that being the Forest Service, the special use permit across their lands, Rural Utilities Service for the loan application and then Western Area Power for the interconnection to their

transmission system.

Q. Okay. So for this phase just the RUS needed to provide the record of decision. Is that the case for Phase II as well?

A. For Phase II, since our final route alignment has not been selected, that's still a body of work, there is potential that we avoid federal lands, but there is potential that we might have federal lands. And if there is federal lands, we'll -- we'll have to address that. There is potential for Bureau of Land Management and also potential for U.S. Forest Service lands on the eastern side.

Q. Okay. The only other question -- thank you for taking the time to walk through that.

The conditional use permit from McKenzie County, when they asked you to go back and get more easements signed, did they give you a threshold, like we want 90, 92 percent, 95?

A. Their original feedback was 100 percent. And I mean at the end of the day, McKenzie County, as everybody is aware, when you drive up here, when you flew over all the intensive impacts from the Bakken impacts, so -- the county entities help -- are looking out for the landowners and landowner

rights, so their view is they would like to see as much easements acquired prior to going to planning and zoning. Basin Electric thought we had a high threshold. They wanted us to continue to do some work in that area, so --

Q. So 90 percent of -- I think you said there was 45 needed, 46 total. How many remaining do you have?

A. I -- I will let Mr. Murray describe the easements. I do know -- I always look at number of miles, and I believe it's two miles left to acquire. And Mr. Murray will describe how many different parcels that would actually affect in that two miles.

Q. And then, again, does the conditional use permit for phase -- that you're receiving from McKenzie County cover Phase I and II?

A. No. It only addresses Phase I.

COMMISSIONER FEDORCHAK: All right. Thank you.

JUDGE MANN: Commissioner Christmann.

EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. All my questions have been asked except for when are you going to resubmit your application

to McKenzie County?

A. The application doesn't require it be submitted. What we did is since we presented it to planning and zoning in February, we asked them to table it at their March meeting, and then we'll request to have it be back in front of them in our April meeting. Since there's only been three weeks in between those two meetings, there wasn't much movement inside our easement acquisition process. So we'll wait that additional month and we'll go back in with a -- whatever status we have here in April.

COMMISSIONER CHRISTMANN: Okay. No other questions.

JUDGE MANN: Ms. Lambert, any follow-up?

MS. LAMBERT: No, Your Honor.

JUDGE MANN: Mr. Armstrong?

MR. ARMSTRONG: No.

JUDGE MANN: Mr. Schock? Commissioner?

COMMISSIONER KALK: Not so much a question, but just a commentary about the whole NEPA interaction for the folks and Basin and anybody else that might be listening. The -- I did a lot of work with NEPA when I was in the Marine Corps doing DOD stuff because everything had a

federal nexus. And I view NEPA as it's a federal requirement, not a state requirement. So the North Dakota PSC does not have to have a finding of no significant impact to make a decision. But that's always been the struggle back and forth in these cases, that I think having the record of decision that supports what you do gives us a little more cover, if you will. So it's really good.

I appreciate your work on all the NEPA, but I will say back that the state has the right to move forward with or without the NEPA, but it doesn't hurt us to have it.

So thank you for getting it put together.

JUDGE MANN: Thank you.

Thank you, Mr. Miller. You can step down. I think we'll take another ten-minute break. Is that going to be sufficient time to get your equipment set?

MS. JACOBSON: Yes, Your Honor. Thank you. I appreciate it.

(Recessed at 11:31 a.m. and reconvened at 11:45 a.m.)

JUDGE MANN: All right. We are back on the record. And, Ms. Lambert or Ms. Jacobson, do you want to call your next witness?

MS. JACOBSON: Thank you, Your Honor, Mr. Mike Murray.

JUDGE MANN: And, Mr. Murray, before you testify, I'm required to give you the oath and advise you of the penalty for perjury in North Dakota. It is a Class C felony, punishable by a maximum fine of $10,000, a maximum five years' imprisonment or both.

(Witness sworn.)

JUDGE MANN: Okay. Go ahead.

MS. JACOBSON: Thank you, Your Honor.

MIKE MURRAY,

being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. JACOBSON:

Q. What is your name, business address and occupation?

A. My name is Mike Murray. My business address is 1717 East Interstate Avenue in Bismarck, and my occupation is the property and right-of-way manager for Basin Electric.

Q. And what is your employment history?

A. I have 25 years with Basin Electric. I started in 19 -- January of 1990, and I have been

in the property and right-of-way department since 2000.

Q. And what have been your responsibilities in connection with the proposed project?

A. I am the property and right-of-way manager, so my responsibilities -- I have a -- a team that is assigned to this project that reports directly to me. And we review routing issues, landowner concerns, you know, brainstorm for resolution there to -- with the ultimate goal of coming up with voluntary settlements.

Q. And can you please describe or summarize the right-of-way contacts that have been made for the project.

A. We started contacting landowners in October of 2013 for survey permissions to address proposed routes at the time, route issues we were looking at or concerns, trying to get landowner concurrence, along with meeting with our engineers and environmental staff. And then we would visit with the landowners, address their issues.

In August of 2014 we started easement acquisition, and I believe we're at 80 percent of landowners acquired right now, we're at 84 percent of the parcels acquired and we're at 92 percent of

the total line length acquired.

Q. Okay. Thank you, Mr. Murray. Can you please generally describe the proposed route.

A. Sure. The proposed route starts at the Patent Gate Substation.

JUDGE MANN: Mr. Murray, sorry to interrupt, but we've got an image up on the screen. And, Ms. Jacobson, is this an exhibit -- is the image, the map on the screen, also an exhibit in the exhibit book?

MS. JACOBSON: Yes, Your Honor. It's Exhibit 9 --

JUDGE MANN: Okay.

MS. JACOBSON: -- the sheet of the two maps.

JUDGE MANN: I just wanted to identify that for the record and if anybody is listening over the Internet. And then as you describe it, if you can just kind of identify what you're looking at in the event that there are people listening in.

THE WITNESS: Yep. Sure. Okay. Our project starts over here at the Patent Gate Substation, which is a small green square. And as I'm going through this, you'll see little red stars which designate residences within two miles of the

proposed route. And then there will also be little -- what we would call green diamond shapes marking proposed and active oil well activity.

So Patent Gate Substation currently exists about four miles north of Arnegard and about four miles east of Alexander. And there were several sites that were being proposed for that Patent Gate Substation, and it ultimately boiled down to landowner acceptance on selecting that site.

The first mile from angle point one to angle point two and down to angle point three is all double circuit with our previously approved AVS to Neset route. This is on the Charlie Creek to Judson segment of that project. And this is the -- this orange line is that Charlie Creek to Judson segment of the line as it comes in and continues with the double circuit into the Patent Gate Substation that continues up to Judson.

From angle point three the route does continue in a southeasterly direction down to angle point four, and it currently sits about 200 miles south of the centerline of the road and -- or 200 miles -- 200 feet, sorry -- 200 feet south of the centerline of the road. And that is for the purpose of -- earlier you had a concern with the

cemetery that was brought up. So that's a significant distance south of the cemetery. There is an existing reservation telephone cooperative fiber in the ground between the county road and our line that we had to avoid as well as trying to address landowner concerns.

As we continue on east to angle point five, we had to make a slight adjustment to the southeast to angle point six, and that was -- can you go a little further -- and that was to address residences. We had a residence here that we needed to bump further south, stay away from that residence at the landowner's request, and we're on that same landowner's property, and then as we come down to angle point six and continue over to angle point seven, we're splitting the distance between two more residences up here north of the line and another line residence here to the southeast of the line, which dictated that we needed to once again move back in a northeast direction back to a quarter-line alignment, which landowners prefer the quarter-line alignment for having less impact on their property. Easier to farm around. A lot of times it's on property lines.

From angle point eight we continue in an

east direction to angle point nine, at which point angle point nine was offset just a little bit to the south to stay -- so we weren't directly on top of this landowner's driveway right here for this residence up here. That driveway actually comes down in a south direction, curves to the west and back south, and we did not want to be running directly on top of that driveway. So we had a slight adjustment here for angle point nine to bump the route down, moved it back up to the quarter line here on angle point ten.

From angle point 10 we continue on an east direction over towards angle point 11. Nice clean quarter line. There were some grass strips in there that the terrain worked well, minimal impact to cropland. At angle point 11 we had to make a turn due south due to all this -- this is all scoria activity, as you can see how red the ground is here. A lot of scoria here, a lot of active pits. Residences spotted in and amongst that scoria activity. So at this point to avoid all that scoria, address the landowners' concerns with us being on top of all that scoria, we do head south here for a couple miles down to angle point 12, at which point we -- to address landowner

concerns we take a southeast diagonal down to angle point 13.

We did look at a lot of different route variations through here to address landowner concerns. I believe we looked -- last count was 12 different route options, and we ended up with good landowner acceptance. We do have one land owner there we could not appease, but we did minimize the impact of that landowner based on their concerns.

From angle point 13 over to angle point 14, it's a due east quarter line route again. As you can see, it's a very minimal cropland, a little bit of crop here, and then it's all pasture over to angle point 14.

From angle point 14 we continue in a southeast direction to angle point 15. Again, ran into a lot of scoria operations. This whole area is just littered with active and permitted scoria pits.

As we continue in a southeast direction, the route was adjusted to accommodate ideal crossings of county and state highways -- a county road and the state highway and also to address landowner concerns. We ended up with good landowner acceptance in here, listening to the

landowners.

As we continue to the southeast for the Highway 23 crossing, again more residences here, till you're down to angle point 18. At this point we needed to start making our adjustments to line up with the Kummer Ridge Substation. So from 18 over to angle point 19, that alignment was made to get us back on the quarter line, avoid this large scoria/oil development quarter of land here. It's all impacted and a lot of scoria and oil activity down to the south. So we threaded the needle through here. Good landowner acceptance there.

Once we reached angle point 20, we had to make a slight adjustment to the southeast to avoid a cemetery, an existing cell tower and to line up for our entry into the Kummer Ridge Substation, which from angle point 22 we go directly north into the proposed Kummer Ridge sub.

MS. JACOBSON: Thank you, Mr. Murray. No further questions.

JUDGE MANN: Mr. Armstrong.

MR. ARMSTRONG: Thank you.

CROSS-EXAMINATION

BY MR. ARMSTRONG:

Q. Mr. Murray, could you just give us the

status on the remaining easements to be obtained for this line?

A. Sure. We had a total of 44 landowners that we need easements from. We have acquired 35 of those landowners, so we're currently at 80 percent on a landowner-basis count. If you're looking at line miles, we're at 92 percent.

Q. Are you able to show us where the areas that are still open are at on the Exhibit 9?

A. Sure.

MS. JACOBSON: Mr. Murray, if you could refer to Exhibit 11 as well.

Q. (MR. ARMSTRONG CONTINUING) Maybe I'll start there too. Exhibit 11 I see was -- it's dated March 10, 2015, so that's fairly recent information?

A. Yes.

Q. Is that up to date as of today or has anything happened since then?

A. As far as the colors on that route, on that map, that is accurate as of today. That percentage that you see up there, 84 percent, that's parcels acquired, not landowners acquired.

Q. Okay. So maybe we can just start on Exhibit 11, and you can use Exhibit 9 as needed to

explain, but there's the first not-signed section, the first section starting from Patent Gate, what's going in that area?

A. That is two landowners. One landowner prefers that the route not be on his property at all, and we really struggled with that one. We did go out and look at several route variations there because he owns such a large, large block of property, as well as leases a lot of his neighbor's property. He's a large operator. And we were able to minimize the impact to his property, which is actually right here, to just that one-half mile. Where you can see he owns all this, he owns all this, he owns all this. He owns more land to the south, he owns a lot of land up here to the north. It was very -- we just could not miss it. And so that's a half a mile.

And then the other is this landowner here, which their concern is -- they live down here -- is crossing their driveway. So we moved it as far away from their house -- we made that adjustment to stay as far away from their house as possible, but we are still crossing their driveway. So that's that first red block that you see there.

Q. How about the next one then, the second

one?

MS. LABER: He owns this. That's the same one.

THE WITNESS: Oh, there it is. Yep. Okay. So here's the other half mile. It's that same landowner that we're crossing his driveway.

Q. (MR. ARMSTRONG CONTINUING) I think you missed one in the middle there, though. Somewhere there's a red mark on --

A. Right here.

COMMISSIONER FEDORCHAK: Can you guys reference the --

THE WITNESS: It's right here. It's this little piece.

Q. (MR. ARMSTRONG CONTINUING) So it's --

A. It's that same landowner. It's that same --

Q. Okay.

A. He's got three different parcels.

Q. I gotcha. So the quarter section to the west of point five, so -- these Bergem sections are ones that are not signed?

A. Bergem and Leiseth for those first two.

Q. Okay.

A. So that's two landowners -- two very large

landowners that have a lot of land holdings.

MS. LABER: And then here.

THE WITNESS: Yep. And that's the other Bergem parcel.

Q. (MR. ARMSTRONG CONTINUING) So that's between --

A. Between angle point six and seven.

Q. Move on, then, to the one that's by angle point seven.

A. Yep. It's this little piece right here. This is George Lawler, and we did make some accommodations for him. There's just a very small crossing now here at the top piece of his property, and we do not have a signed easement with that landowner.

Q. Can you stay there for one second. So the State of North Dakota land, is that trust land?

A. That's trust land.

Q. And are those -- are agreements in place to cross trust land already?

A. Yes. The trust requires that we have a majority of our private landowners acquired before they will issue their easements.

Q. Okay. Could you move on to it looks like somewhere between eight and nine.

A. It's this right here. Yep. And then this is the Forlands and these are three brothers. That's why -- from a landowner perspective, although it shows that we've got nine landowners left, really three of them belong in one family, so --

Q. So on Exhibit 9 between angle point 10 -- well, starting from --

A. Between 9, 10 and 11.

Q. The Forland land is still open?

A. Yeah.

Q. And if you move on to the next east one.

A. And then this landowner right here and right here.

Q. What's the name on that?

A. That's Serrahn. They're out-of-state landowners being represented by a local attorney.

Q. Is that the one you said you were able to address part of the accommodation but not satisfy?

A. Yes. Our original route actually came through -- this parcel right here had a diagonal coming through because of the oil activity and stuff, so we were able to make this adjustment, slide it over to -- this is pastureland, get it over along the quarter line, no more structures and

their crop -- kept everything in pasture and ran it right up the section line there. So we did minimize the impact because they were concerned about the diagonal coming through here, but still not enough to give us an easement.

Q. And when you say -- this is just for the record -- when you say coming through here, you're talking about that L-shaped section owned by Serrahn just north of angle point 12?

A. Correct.

Q. Then it looks like there might be one more after angle point 13?

A. Yep. Same Serrahn family. It's this piece right here. So there's a little crossing there.

Q. And you're still attempting to work with these landowners?

A. We are attempting to work with all of them, so -- them or their attorneys.

Q. I think it was called the Fairfield [sic] cemetery that you talked about earlier. Have you -- my question is going to be have you heard any complaints about the proximity of the line to the cemetery?

A. No. No, we haven't.

Q. Do you know how far away it is from the cemetery?

A. We're 200 feet south of the centerline of the road. So you're probably about 270 from the cemetery.

Q. Farland cemetery.

A. Yeah. And that's a small countryside cemetery is what that is.

MR. ARMSTRONG: That's all the questions I for you. Thank you.

THE WITNESS: Yep. You're welcome.

JUDGE MANN: Mr. Schock.

MR. SCHOCK: I have no questions.

JUDGE MANN: Okay. Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor.

EXAMINATION

BY COMMISSIONER KALK:

Q. Thank you, Mike, for your testimony.

Just a couple general questions, and I understand our role is to either accept or reject the route in front of us, but I just have just one overarching question. When you get to angle point seven, you chose to go north and then run it across to angle point 11 and then come back down. Seems like there's a lot of -- not a lot, but that's

where some of your landowner issues are at. Why didn't you run south at angle point seven to minimize your line length? Is there any general reason why you chose to go north and across to try to find a route south?

A. South, this is all oil activity here and then you've got your residences popping up. So we had landowner -- this Wisness was a very accommodating landowner that allowed us to go north. And Lawlers we -- we honestly struggled with them and we still don't have them acquired. So going south we had a lot more landowner resistance. North was a more acceptable path as far as here until we had to come back down south where the Serrahns are.

Q. So you're testifying that the route you've selected today has the least landowner concerns of any of the routes you've reviewed?

A. Correct.

COMMISSIONER KALK: Thank you.

JUDGE MANN: Commissioner Fedorchak.

COMMISSIONER FEDORCHAK: I don't have any questions. Thanks, Mike.

THE WITNESS: Yeah. You're welcome.

JUDGE MANN: Commissioner Christmann.

EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. Could you scroll over just a little bit to the east from here. Right there. So you have that long real straight stretch following -- is that a section line or a quarter line?

A. That's a quarter line.

Q. So when we talk generally about it following a quarter line, and it makes perfect sense, but am I right to presume that it's on one side or the other so you don't have to actually get a foot or two of right-of-way from each landowner on each side of that quarter line?

A. No. It's typically on the quarter line so the landowners share the right-of-way. Instead of them having the full burden of the 150-foot-wide right-of way, they get half of it. They get 75 and the other landowner to the south gets 75 feet.

Q. But so every time you do that you double the amount of acquisitions that you need.

A. We do, but it's all about landowner acceptance and that's -- you know, it minimizes the impact for each individual landowner. It's easier to farm around. A lot of times it's a grass strip or a fence line because a lot of times it can be a

property line. You know, it's --

Q. And so when you run into situations where someone is able to farm a full mile or for whatever reason across the quarter line, do you stagger the distances of your structures so that you maybe hit a pole on each end of the quarter and have only two in the middle as opposed to three or something like that or --

A. The structures --

Q. -- doesn't that really work out?

A. Are you saying do we pop off of the quarter line to accommodate them?

Q. No. If someone's farming in two quarters and going across it, would you stagger your poles a little bit so you get like one on each side of that quarter --

A. Yes.

Q. -- and you'd maybe need one fewer in the middle of their field?

A. Our engineers look at that all the time to try and minimize the impact of that structure and having to farm around it. So a lot of times if they can span a crop field, if it's narrow enough, they'll do it. If they cannot span it, then a lot of times they will work out the location of that to

have the least amount of impact on that.

And another thing we do, and I don't know if the Commission is aware of this, but if they have rock piles out there, they're already farming around a physical barrier, and so we will haul off or bury that rock pile so there is no additional objects to farm around, you know, kind of help offset it too.

Q. With the landowners you have left, not any one of them specifically, but in general are these people that just are opposed to it being there at any price or are these people that have probably a different dollar amount in mind than what you're offering and that it's kind of a financial negotiation at this point?

A. I would say both. We do have landowners that -- you know, Put it on my neighbor's. I don't want to deal with it. And then you've got the ones, Well, if the dollar amount is the right amount, I'll consider it coming across, you know, and that's usually way more than what we're paying everyone else. Because we pay everyone the same. And if we go through the whole project, if towards the end of the project we need to get things moving if we pay somebody more, we go back and we settle

up and we square everybody up to that same rate.

Q. Is that built into their contracts when they sign early that they're assured that if -- if you end up paying more, that that's going to be changed?

A. They're notified of it. It's not built into the contracts. We tell them that because we don't want it to be a penalty for them to sign early. You know, we don't want that to be the fear in their head that, Hey, I'm not going to get as much as my neighbor because I signed early and they were able to work out a better deal. So, no, it's not in writing.

And we had to do that on AVS to Neset. We did increase our offer and went back and settled up with every landowner on that project.

Q. And then how did you do that, because not every landowner's land is the same? If someone thinks, Okay, now you got more for cropland like this, but you say, Well, that's not as good a cropland, how do you square that up? How many categories of land do you look at?

A. Pretty narrow. Basically it's for like property. So cropland gets paid the same as any other cropland. Pastureland gets paid the same as

any other pastureland, so --

COMMISSIONER CHRISTMANN: I think that's all the questions I have. Thank you.

JUDGE MANN: Ms. Jacobson, any follow-up?

MS. JACOBSON: Nothing further, Your Honor.

JUDGE MANN: Mr. Armstrong?

MR. ARMSTRONG: I do.

JUDGE MANN: Go ahead.

RECROSS-EXAMINATION

BY MR. ARMSTRONG:

Q. You were talking earlier about the scoria -- avoiding the scoria pits. We've dealt with siting cases around Center or wherever where there's known coal deposits. Is there any sort of idea here if you're crossing other places where scoria could be mined?

A. Well, in this area it's quite likely that we are crossing over other areas where scoria can be mined, and if the landowner is aware of it, they tell us that and that is written into our agreement that at any time if they are going to mine that scoria, that we will pay them for the loss underneath our line that they cannot actively mine just to protect our facility.

Q. How close to the line can they mine for scoria?

A. Well, they can mine under the line as long as we can maintain an access for maintenance. As far as the structures, it depends. Engineering has different criteria that they use, but it's typically in that 65 to 70 feet away.

Q. So it wouldn't be the line that prevents any mining from scoria, but the structures would have some impacts?

A. It's the integrity of that structure you've got to maintain, and we still have to have access, you know, to maintain the line down the right-of-way.

Q. And that's worked into your agreement with the landowners?

A. If that's a concern of theirs, yes.

MR. ARMSTRONG: Okay. That's all the questions I have.

JUDGE MANN: Mr. Schock?

MR. SCHOCK: No questions.

JUDGE MANN: Okay. Commissioner Fedorchak?

COMMISSIONER FEDORCHAK: Just one quick follow-up.

EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. I thought in the previous hearing on AVS to Neset the company talked a bit about having incentives for early signers. Is that something you do or can do?

A. Have an incentive to sign early?

Q. Mm-hmm.

A. We are just starting that on these projects where we do offer a thousand dollars per structure, because the biggest impact on their property is the physical structure on the property. So if they sign within 90 days, we do give an extra thousand dollars per structure on that. And then some of these properties don't have any structures, we're just spanning it, so we do have a minimum then of a thousand bucks extra.

Q. Okay. And you used that in this project?

A. We just -- yeah, we did not use it on AVS to Neset. We were talking about doing something at that time, and we're using it on this project and it has had some success.

COMMISSIONER FEDORCHAK: Okay. Thank you.

JUDGE MANN: Commissioner Christmann.

FURTHER EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. Would you slowly go through the process now of if you get permits from us, from the county and are ready to proceed, how you end up acquiring the properties who don't sign voluntarily?

A. If they don't sign voluntarily and, you know, we reach a point where the route is fairly secure because of the easements we've acquired before and after those properties, we will try to work out through our legal counsel a settlement. We can -- you know, maybe sometimes you can go through mitigation -- or not mitigation -- that's not the right word, but where you sit down and try and come up with some sort of a resolution. We can throw other non-easement compensation-type items out there, you know, fence work, graveling the road -- we try to get real creative -- trees, you know, just to try and sweeten the pot a little bit. If that does not work, then obviously we turn it over to legal counsel and then they take the next step, so -- you know, filing for condemnation.

Q. And how many condemnations had to be done on Antelope to Neset?

A. On AVS to Neset we're currently at

98 percent acquired on that project. We have eight landowners that we filed condemnation -- or that are still in condemnation waiting for trials and, you know, that number will probably be less by the time we get to the trials.

Q. 98 percent of landowners?

A. 98 percent of the landowners. We've got eight landowners left that we could not acquire.

COMMISSIONER CHRISTMANN: Okay. Thank you.

THE WITNESS: Yep.

JUDGE MANN: Ms. Jacobson, anything further?

MS. JACOBSON: Nothing, Your Honor.

JUDGE MANN: Thank you, Mr. Murray. You can step down.

Do you have any other witnesses?

MS. JACOBSON: No, Your Honor.

JUDGE MANN: Okay. Anything further?

MS. JACOBSON: Nothing.

JUDGE MANN: Okay. At this time are there members of the public who would like to come forward and offer testimony?

Come on up. Can I get your name, sir.

MR. SKURUPEY: John Skurupey,

S-k-u-r-u-p-e-y.

JUDGE MANN: And, Mr. Skurupey, I'm required to give you an oath as well, advise you of the penalty for perjury in North Dakota. It's a Class C felony, punishable by a maximum fine of $10,000, maximum five years' imprisonment or both.

(Witness sworn.)

JUDGE MANN: Okay. You can go ahead with your testimony.

JOHN SKURUPEY,

being first duly sworn, was examined and testified as follows:

STATEMENT BY MR. SKURUPEY:

MR. SKURUPEY: Well, welcome back, everybody. Thank you for the opportunity to testify. Welcome to the Wild West again. Happy St. Patrick's Day. I see the green on.

I'd like to give you a -- I'm the general manager of McKenzie Electric Cooperative and I work for our membership -- our member owners, and I'm here on their behalf.

To give you a little update on what's been happening at McKenzie Electric since the last time we saw each other, in 2014 we grew approximately

43 percent. That's about 100 megawatts in demand growth. We're currently -- as was testified earlier, we're currently building roughly 150 miles of transmission line. We have another 150 to go for a total of probably 300 miles that we'll have for current projects alone.

We have untold miles of distribution to build. I tried to get a finger on that this week, but nobody can tell me that number.

Between now and the end of 2016 we project nearly 200 megawatts of demand growth just in large loads. The ONEOK loads that were discussed, the gas plants that -- we're dealing with two gas plants right now, their Lonesome Creek Gas Plant and a Bear Creek plant down in the Killdeer area, they have -- the Demicks Lake Gas Plant, which is another large one, but they've postponed that to 2017 now, so that's a future growth number that's not in this. And numerous compressors.

We just had a conference call with them yesterday, and they had backed off on their plans because of the low oil prices, but in the span of about a month and a half they've brought all but two projects back onto the plate and they want them all done next year.

Then there's the Fort Berthold Indian Reservation, which is kind of the great unknown for us. We have tenuous relations with the Three Affiliated Tribes at the moment regarding rights-of-way on the Fort Berthold Indian Reservation, and we are serving very little commercial loads out there at this time. If we should happen to get to the point where we can reach a mutual agreement on proceeding out there, we have megawatts of load that need to get hooked up out there.

So this -- this project is critical to us because currently we are served largely out of the Watford City delivery, which is off the 230 line, and that 230 line -- 230 kV transmission line is being taxed, quite frankly. We have a lot of our load being served out of there. As a matter of fact, I'd say we're close to 200 megawatts just out of Watford City alone.

I'm thankful to the Commission for approving the Roundup and putting that into the AVS to Neset project because we're currently under a frequency load-shedding scheme down there and nobody wants to be without power. So the faster we can get that done -- or Basin can get that done,

the better for our members also.

So I'd just strongly encourage the Commission to approve their routes. We're, like I said, in dire need of more delivery points up here to improve our reliability and load-serving capabilities. So anything -- any assistance is appreciated from whoever.

JUDGE MANN: Thank you. Just sit tight just a minute.

Ms. Jacobson, any questions?

MS. JACOBSON: None, Your Honor.

JUDGE MANN: Okay. Mr. Armstrong?

MR. ARMSTRONG: No, Your Honor.

JUDGE MANN: Mr. Schock?

MR. SCHOCK: No.

JUDGE MANN: Commissioner Kalk?

COMMISSIONER KALK: Thank you for stopping by.

JUDGE MANN: Commissioner Fedorchak.

COMMISSIONER FEDORCHAK: Okay.

EXAMINATION

BY COMMISSIONER FEDORCHAK:

Q. I have a couple, John. Thank you --

A. Sure.

Q. -- for stopping in, and a couple questions

on comments you made about Fort Berthold. Who's serving the commercial load up there if you aren't?

A. They are all self-generating at the site and losing money. We had one producer that stated they spent $1.2 million last year in generation alone, so it's lost revenues.

Q. All right. What -- what needs to happen to -- what are the big issues with you? You said you have tenuous relations. What's the cause of that?

A. Well, I think the underlying issue is that the tribe is considering starting up their own utility, and by not granting easements is one way that they can maybe force this issue. Our board has professed that we're willing to sell that to the Three Affiliated Tribes if that's their desire, because it's all about the membership to us. It's all about the end user. And we care about all users, whether you're a water well or a grandma or a multi-billion-dollar corporation. We care about each and every one of them the same and we want them to be served as best they can.

Q. So if you -- if they decided to start their own utility, you would sell your infrastructure in that area and allow them to --

A. Yep.

Q. -- take over?

The county's conditional use permit, are you guys weighing in at all on that process?

A. We tried. We've tried. We have a good relationship with the county because they know -- understand that we do get a hundred percent right-of-way. It's our board's position that we're not fans of condemnation ourselves and don't want to move to that point. But Basin has other needs and I respect that and I actually encouraged it myself, but if -- if there's condemnation involved, that's their biggest concern and why they want to be so difficult, I'd say.

Q. But you've weighed in in terms of the seriousness of the need for the project and --

A. On an --

Q. -- and the timelines?

A. On an individual basis, yes, I've talked with commissioners and I've talked with people on the planning and zoning.

Q. Okay. And you don't have the same issue with them when you need a conditional use permit because you get the hundred percent?

A. Exactly.

Q. You haven't had any holdouts that you haven't been able to --

A. Knock on wood.

Q. Okay. That's great, because it sounds like you're constructing a lot of lines too.

Were you here earlier when I was asking some of the questions about the on-site generation?

A. Yes.

Q. Okay. So can you just tell me what is your -- what is your company's policy with purchasing back generation -- excess on-site generation that might be available at a well site, et cetera? How do you go about doing that or do you have a policy that guides that process?

A. Well, first off, we can't buy it back. We have an all-requirements power contract with Basin Electric and therefore any power purchases need to be handled through Basin Electric.

But in terms of interconnecting with the system, that is our baby. I tried to -- I struggle with this on explaining it to somebody, but if you consider the way a system is designed, a distribution system from the substation out to the end of the line, right at the substation the size of your conductors are large. Okay. And then as

you get farther out, the conductor size gets down to real small. Well, if you get a generator or multiple generators at the end of the line -- oh, and then there's protection devices all the way along that route. So let's say you've got a breaker -- a circuit breaker that's 100-, a 50-, a 25- and a 10-amp breaker along the route and you put a bunch of generation at the end, all of a sudden our protection schemes are all backwards because you now have a source that's wanting to push power back and all of our protective devices don't operate the way they're supposed to.

So if you have generation out there, you're -- you have to be constantly monitoring what your system is doing so that you have your protective devices functioning so that you're protecting not only our people but our residents and consumers out there, because if a line happens to sag down for whatever reason and somebody comes into contact, you want those protective devices to operate and open up the line.

But when you get multiple generators out there, that isn't the case. So as these entities come in and talk with us about wanting to put generation out at the end of a line -- and that's

where they always are. They're the most remote areas because that's where we're having a hard time getting power to so that's where they naturally want to generate. We tell them that, yes, we'll work with you, but it's going to be a significant cost to get that initial infrastructure in there, plus there will be ongoing costs for constantly monitoring those breaker relays and making sure that they're set accordingly.

Because those generators are not reliable. Blaze Energy is one of the first entities that put one of these up in Burke-Divide, and if there's not consistent gas there, if there's a burp from the well, high or low pressure, the thing turns off. And they're out there every single day -- this is what I'm told -- they're out there every single day trying to start it and they've actually got to the point where they just got tired of going out to try to start it up, so --

Q. And the additional costs are borne by the generator?

A. Absolutely. It's kind of hard for us to go to the neighboring landowners and say, Hey, these guys want to do a pet project, do you want to pay for it.

Q. Right. And can you give me an estimate as to how much more percentage over the regular cost it would -- it would be?

A. It's dependent on the situation. I mean if we need to build a whole bunch of distribution line out at the end where it's real small and beef it up for the size of the generator that they're building, that could be hundreds, if not millions of dollars -- hundreds of thousands to millions of dollars.

COMMISSIONER FEDORCHAK: Okay. Thank you. Appreciate that.

THE WITNESS: Sure.

JUDGE MANN: Commissioner Christmann.

EXAMINATION

BY COMMISSIONER CHRISTMANN:

Q. I think it's just logical to assume that a lot of your landowners that are probably getting their power from you and their neighbors are getting their power from you probably are more anxious to work with their local distribution cooperative than in this case Basin Electric, the big player on the block. Do you make efforts to contact some of these landowners who might have very good relationships with McKenzie Electric and

with you personally or your people to try to help persuade them of the importance of getting power over to the gas plant so that your other power can be used for them and their neighbors and that sort of thing and help along with the acquisition process?

A. As a matter of fact, we did talk with Jason Leiseth, who is one of the difficult landowners. And I say that with all due respect because I'm a big believer in the landowners. I'm a big believer that that's their property and it's their right to do what they want with it. But, yeah, we've talked with Jason. We've talked with a couple others that we've happened along the way as they've asked us what's going on. They've come into the office and were curious if we would try to explain to them what's the need for the transmission line and things like that.

So they're naturally curious and they want to find that stuff out themselves and, yeah, we try to encourage them to work with Basin. We tell them naturally -- you know, I've even had in an annual meeting speech, Don't roll over for them because you don't do that for anybody, but please work with them because it is important because it improves

our whole system reliability and along with the load-serving capability.

Q. Do you think some of these nine are going to come together here in the coming weeks or months or do you think it's going to wind up being court cases?

A. It depends on the day. We have some landowners that just will absolutely refuse even distribution lines. They're just really jaded against oil and the activity that's taking place and they just say no. That's their only answer, I just don't want to talk to you. So it's hard to say. They may. Maybe if you get them on Sunday after church. I don't know. But they may.

Q. And do you ever in your acquisition process run into situations where these are absentee landowners and you just can't even find them to talk to them?

A. Absolutely. All the time. And to be honest with you, those are the most difficult landowners to deal with because they just don't care. They have no skin in the game. They have no need for power at their locations. They lease all their land out and they just don't care.

COMMISSIONER CHRISTMANN: Okay. No other

questions. Thank you, though, for being here.

JUDGE MANN: Thank you, Mr. Skurupey. You can step down.

Do we have others? Now is the opportunity if there's anybody else. It doesn't appear so.

Ms. Jacobson, do you have a closing statement you'd like to make?

MS. JACOBSON: No, Your Honor, I don't.

JUDGE MANN: Okay. Mr. Armstrong, do you have anything?

MR. ARMSTRONG: Nothing, Your Honor.

JUDGE MANN: Mr. Schock, anything further?

MR. SCHOCK: No, Your Honor.

JUDGE MANN: Okay. Commissioner Kalk.

COMMISSIONER KALK: Thank you, Your Honor. Thank everyone for coming out today.

The -- I think everyone's pretty familiar with the process. We'll get back and get a work session scheduled. I don't believe we have any late-filed exhibits out here. This seems to be a lot cleaner than the previous transmission line that we worked on, so I appreciate everyone's work on that.

And the only thing that I guess I'm a little -- I won't say concerned about but I'll be

watching very closely, is how the interface plays out with the county on the conditional use permit.

Since I've been on the Commission, I've never had to put the decision forward about the Commission approving something without a conditional use from the county. But for me personally there is a point where if the county is not willing to make a decision, that it's something that I personally would consider in a work session. So hopefully you get it worked out with the county, but I would ask the company to get back through appropriate counsel. If there's a point where you get to where you're hung on that, we maybe need to open up some discussion on that particular issue and I'll be talking to our counsel about that. But to me that's the only issue that I see out there that we're going to have to watch very closely.

Thank you for coming out today.

JUDGE MANN: Commissioner Fedorchak.

COMMISSIONER FEDORCHAK: I'd echo Commissioner Kalk's comments and just want to thank everyone for a very efficient hearing and thorough application process and look forward to a, you know, pretty quick decision.

JUDGE MANN: Commissioner Christmann.

COMMISSIONER CHRISTMANN: Nothing really to add to that except for I guess kind of the same situation as the county probably, hoping that you're able to acquire more of these easements voluntarily. And just what Commissioner Fedorchak just said, it is nice, though, even when there's issues like that that remain unresolved but that the application is really clean and informative and these hearings can come off in a few hours instead of all day because none of our questions are answered. In this case most of my questions were answered going through the application before the hearing even. So very good application.

JUDGE MANN: Thank you.

And, Ms. Jacobson, will you be submitting proposed findings and a proposed order?

MS. JACOBSON: Yes, Your Honor, I will.

JUDGE MANN: And that will conclude the public hearing in this matter. Thank you.

(Concluded at 12:31 p.m., the same day.)

CERTIFICATE OF COURT REPORTER.

I, Stephanie A. Smith, a Registered Professional Reporter,

DO HEREBY CERTIFY that I recorded in shorthand the foregoing proceedings had and made of record at the time and place hereinbefore indicated.

I DO HEREBY FURTHER CERTIFY that the foregoing typewritten pages contain an accurate transcript of my shorthand notes then and there taken.

Dated at Bismarck, North Dakota, this 10th day of April, 2015.

_____
Stephanie A. Smith
Registered Professional Reporter

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