

March 22, 2011

Dr. Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

**RE: In the Matter of the Petition of Glacial Ridge Wind, LLC to Extend Deadlines in its
LWECS Site Permit**

DOCKET NO: IP-6650/WS-07-1073

Dear Dr. Haar:

Enclosed is a Petition to Amend the Glacial Ridge Wind, LLC. PlainStates Energy, the developer of the 20 MW CBED wind project located in Pope County, Minnesota, was issued a Large Wind Energy Conversion System Site Permit, April 27, 2009. This Permit is set to expire soon because, as per requirements set forth in the Permit, Section K Part 2 ("Failure to Commence Construction"), the Project has not able to acquire a power purchase agreement and commence construction within the 2 year timeframe set forth by the Minnesota Public Utility Commission.

Because of on-going Midwest Independent System Operator study revisions and associated delays concerning our interconnection responsibilities we have not been able to ascertain capital costs and subsequently acquire a power purchase agreement for the Glacial Ridge Wind, LLC energy project.

We respectfully ask the Minnesota Public Utility Commission to extend the Glacial Ridge Wind, LLC LWECS Permit to April 27, 2013.

Sincerely,


John M. Ihle
PlainStates Energy
27451 S. Hwy 34
Barnesville, MN 56514

Introduction

The Glacial Ridge Wind LLC ("Glacial Ridge" or, the "Project") was issued a Large Wind Energy Conversion System Site Permit (the "Permit") on April 27, 2009. Glacial Ridge respectfully requests that the Minnesota Public Utilities Commission ("MNPUC") amend the Project's Permit by extending the Permit for an additional 24 months.

The Project was unable to meet current timeframes to acquire a power purchase agreement ("PPA") and start construction due to the inability of the Midwest Independent System Operator ("MISO") as well as interconnecting and related utilities to complete study processes and provide the Project with facility cost upgrades. At the time of issuance of the Permit it was the Project's understanding that completion of facility studies was imminent because of Federal Energy Regulatory Commission ("FERC") timeframes spelled out in the MISO Large Generator Interconnection Agreement ("LGIA") protocols overseen by the FERC.

The Project had filed MISO interconnection applications as early as 2003. System Impact Studies ("SIS") were completed in 2007 for Group 5. Facility Studies which are necessary to ascertain project capital costs and subsequent power pricing were expected to be completed in spring - summer of 2009. Facility studies were not completed until October of 2010.

Also, Federal Energy Regulatory Commission ("FERC") action and orders led to a restudy of Group 5 throwing into question facility cost assumptions made by MISO over the previous several years of studies. Previous assumptions had allocated costs to each Group 5 project concerning a planned Brookings County, SD to Hampton, MN 345 kV transmission line project (the "Brookings Line") and related facilities. The Group 5 restudy results should show economic responsibilities and provide a path to interconnection. Restudy results are expected in the spring of 2011, as detailed below.

As a result of the delays to the Project's facility studies, especially as they related to the Brookings Line which impact the entire Group 5 projects, the Project had been unable to

effectively bid into RFP's that have been issued by various utilities since 2009 up to the fall of 2010 because of the time and delays associated to the Project to ascertain interconnection costs. These delays were due to MISO and utility processes relating specifically to facility studies and related costs and were totally out of the control of the Project.

If the Permit extension request is denied Glacial Ridge Wind Energy LLC will lose the ability to complete development and bring the Project to commercial operation if the MNPUC does not amend the Permit, as allowed by Minn. R.7854.1300, subp. 2.

I. Project Overview and Current Status

The Glacial Ridge Wind Project began development in 2002 and is located near the community of Brooten, MN. We were issued a state Large Wind Energy Conversion system ("LWECS") Permit by the MNPUC on April 27, 2009. The Project intends to utilize 8 Nordex 2.4 MW turbines for a total capacity of 19.2 MW with an estimated production of almost 65 million kilowatt hours. Glacial Ridge Wind Energy is organized as a community owned project, has a Resolution of Support from the Pope County Commission, and has paid all its own development costs. The Project is owned by 6 local investors and has qualified as a Community Based Energy Development ("CBED") Project under Minn. Stat. § 216B.1612. The cost of the Project was estimated to be \$45 million in 2009.

Because of technical advances since the Project was issued its Site Permit by the MNPUC in 2009 the Project will be able to produce a considerable amount more of energy than originally thought making the Project more competitive with other projects. Our meteorological modeling is now indicating a higher net capacity factor which has been modeled into our Project pro forma. We believe our somewhat conservative modeling which includes some interest rate cushion and pricing currently available for equipment (through October of 2011) when combined with production and construction costs meet increasing utility, MNPUC and ratepayer demands for low cost and reliable renewable energy.

The Project filed MISO interconnection applications in 2003 and was placed in MISO Group 5 (“Group 5”) in 2005. MISO related issues have been the biggest impediment to acquiring a PPA for the Project. Group 5 comprised several thousand megawatts of energy projects spanning from eastern Iowa to western Minnesota and almost to the Canadian border. Because of the geographical area, the number of megawatts in Group 5 and the affiliation with CapX2020 transmission studies indicated very complicated modeling analysis from transmission reliability and cost perspectives which has taken, in our view, a very long time to complete. From a transmission reliability perspective Group 5 has been much more complicated and problematic than what many had anticipated.

Currently a Group 5 restudy is underway and is scheduled to be completed in the spring of 2011. However, according to correspondence with MISO as of January of 2011, in spite of the current restudy underway for Group 5, MISO does not think that additional costs for facility upgrades that have been ascertained as of the fall of 2010 for interconnecting our Project will increase. Currently, these costs along with turbine pricing, finance costs and production indicate what we believe is affordable electricity pricing to utilities if given the opportunity to present our project to interested utilities. The Project is currently in the process of presenting pricing to at least one utility. We believe there will be additional opportunities with Minnesota utilities within the foreseeable future. Our Project will not be offered a LGIA until the Group 5 restudy is completed.

II. Interconnection Related Issues Preventing Glacial Ridge to Complete Development

MISO Studies for Glacial Ridge Wind Energy LLC. The Project’s main reason for its failure to acquire a PPA and start construction is directly related to the inability of MISO to complete necessary interconnection studies depicting facility upgrade costs relating to Group 5 projects.

This resulted in the Project's inability to ascertain and accurately model capital costs affecting price offerings the Project could present prospective utilities as well as enter into facility agreements needed for interconnecting the Project.

After 5 years in the interconnection study process involving Group 5 of which Glacial Ridge was party to, in 2007 MISO completed system impact studies for the Project and the first of 3 facility studies were completed in the spring of 2009 by Xcel Energy. The Project's first facility study was in error and a second "final" facility study, at an additional cost of \$ 50,000.00 to the Project, was completed by Xcel Energy in late summer of 2009. Additionally, another "final" facility study was completed in the fall of 2010 by Great River Energy.

We now need closure on the Group 5 "restudy" currently underway, which is explained below, before the Project can move forward.

Group 5, Brookings Line and CapX2020 Background

Group 5 studies were being studied in conjunction with utility planning and permitting work for the CapX2020 project, which included the Brookings Line and several major facility upgrades. MISO was allocating the entire cost of the Brookings Line along with the facility upgrades involving major capacitor banks, estimated at almost 1 billion to Group 5. The majority of the costs, according to MISO, would be allocated to 19 of the Group 5 projects but there were "group" costs which all the projects in Group 5 were sharing. This presented an enormous cost barrier to several projects within Group 5. These projects were faced making a choice to either continue along the development path based on MISO and utility transmission studies without a solid basis in which to ascertain total capital costs for subsequent RFP's and potential utility deals, or; withdraw from the study process and forfeit all study and development costs paid to date.

Without completed transmission studies it was nebulous to base total capital costs for construction and impracticable that realistic pricing could be offered to a prospective utility for a power purchase agreement until more interconnection related information concerning MISO, FERC, Group 5 and the CapX2020 cost allocation issues had been resolved or clarified.

Legal action filed at the FERC in 2009 by one Group 5 project, Community Wind North (CWN), contested cost allocations for the Brookings Line. Legal proceedings lasted approximately a year. After much legal discussions between MISO, the FERC and CWN decisions were made by the FERC in favor of CWN which had an effect on the entire Group 5 study group delaying our Project's LGIA further.

With respect to the FERC decision; FERC established that MISO's attempt to allocate costs for the entire Brookings Line to Group 5 was not supported by the evidence MISO submitted. The FERC found that the Brookings Line was being developed by the utility industry as part of CapX2020 and as such was already in the planning process with the intention of serving the needs of multiple utilities as well as the fossil fuel industry to support growing load in Minnesota and perhaps beyond. Because the Brookings Line was deemed a part of CapX 2020 the FERC ruled that cost allocations to build the line were unfairly levied on Group 5 and that alternative means to interconnect Group 5 projects will need to be established.

The resulting needed action from MISO was that a restudy was necessary and alternatives in addition to the Brookings Line, will be explored. According to MISO a timeline of almost 9 months were required for the restudy. The restudy is currently underway and is scheduled to be completed in the spring of 2011.

Glacial Ridge Wind Energy LLC

Early in the Group 5 study process System Impact Studies and related analysis determined that Glacial Ridge did not bear responsibility for Brookings/CapX2020 related work. However, the Project had gotten caught up in the bigger group issues relating to the Brookings

Line as a consequence of simply being in Group 5. The Project was offered a Large Generator Interconnection Agreement during the spring of 2010 as were all projects in Group 5. In late summer of 2010 because of the restudy it was unclear to our Project if other major facility upgrades would be identified and/or what additional economic responsibilities would be attributable to our Project. We felt there were unanswered questions concerning costs and how costs were going to be allocated because of the restudy underway. We chose not to go forward with an LGIA until more clarity could be offered indicating what if any additional financial burden the Project would incur with respect to potential additional upgrades identified in Group 5 restudies. Indeed, October of 2010 brought an additional facility study and costs which was overlooked during the previous 7 year MISO process and after the MISO Group 5 restudy was underway.

In January of 2011 MISO contacted Glacial Ridge indicating Group 5 restudy analysis indicated cost allocations and impacts identified through October of 2010 would not materially increase. However, we think it is prudent that the Project is presented with the results of the restudy to truly be comfortable with respect to interconnection costs.

Subsequently Group 5 restudy results and a probable continuation of the LGIA negotiation process which will include the presentation of facility costs attributable to the Project which, according to MISO, will start upon completion of the Group 5 restudy.

At this time we think our interconnection costs are affordable and our project can be competitive with any community wind project under development. However, our Project needs closure to the Group 5 restudy in order to bring our Project to a stage where we can model capital costs and offer realistic PPA pricing.

III. The MPUC Has Good Cause to Extend the Deadlines.

If the MNPUC chooses the MNPUC may amend the Permit to extend the deadlines upon a showing of good cause. We think study processes associated with Group 5 with respect to our

Project was and still is out of our control. As a consequence our Project was not able to properly model financing and prepare pricing to prospective utilities issuing RFP's or enter into any negotiations without being able to quantify costs or timing of upgrades.

In addition to processes out of Glacial Ridge's control outlined above there are, in our opinion, some additional good reasons to extend the permit, such as;

1. Minnesota public policy seems to favor community based energy. We believe we can contribute economically to the state's economy through relatively low cost power, jobs and ancillary economic benefits if we are given an opportunity to offer our power to a Minnesota electric utility in a fair and open process.
2. From a transmission perspective interconnection costs are, relatively speaking, inexpensive and manageable especially in view of transmission issues the state is facing. Our Project is a project that can be interconnected in a reasonable timeframe. We believe it is in the state's and ratepayer's best interests to develop renewable energy projects which have good transmission prospects.
3. Our Project does not involve any known disputes with landowners in the area. There is very little if any controversy associated with our Project.
4. Currently, Glacial Ridge Wind Energy LLC is or has been discussing the possibility of a power purchase agreement with at least one utility.
5. We believe that projects that are viable should not lose a permit because of issues beyond the control of the Project.

IV. Request for a Permit Extension

Glacial Ridge Wind Energy LLC does not know when the Group 5 restudy process will be completed. We have been told it will be the spring of 2011. Once the Group 5 restudy is complete it has been indicated that an LGIA and subsequent negotiations will ensue, assuming

there are no changes as per conversations and information the Project has been provided thus far concerning upgrades and responsibilities assigned by MISO for Group 5 projects.

Upon the signing of an LGIA the Project will have a number of items to complete in order to acquire a PPA and financing for the Project to start the construction process. Assuming a PPA can be negotiated and signed by both parties, financial negotiations, turbine supply and operations and maintenance agreements along with the construction documents will then need to be finalized. Since Glacial Ridge has few transmission upgrades we assume we will be well positioned to bid into what we sense will be additional opportunity concerning RFP processes.

Glacial Ridge requests an additional 2 years to acquire a PPA and start construction. The new deadline to start construction would be no later than the April 27, 2013 timeframe.

With resolution of the MISO interconnection issues, a two-year extension should allow the Project enough time to acquire a PPA and complete the final transactions needed to bring the project to commercial operation.

V. Conclusion

Glacial Ridge Wind Energy LLC has been patiently wading through the interconnecton process and working hard to ascertain capital costs needed to develop pricing for utility RFP's. Delays we have experienced are because of Group 5 and very complicated transmission study issues and assumptions which were not well founded. The process was out of our control. Glacial Ridge Wind Energy and PlainStates Energy LLC respectfully request that a LWECS Permit extension be given our Project, which will give us time to acquire a PPA and start construction. We respectfully ask the MNPUC to allow the project until April 27, 2013 to start construction. We believe this is a reasonable deadline because of MISO study issues identifying upgrade costs which are not under the control of our Project.

Very sincerely,
John M. Ihle
PlainStates Energy LLC
Glacial Ridge Wind LLC
Project Developer

