

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
David C. Boyd
J. Dennis O'Brien
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition by Minnesota
Power for Approval of Investments and
Expenditures in Taconite Ridge I Wind Energy
Center for Recovery Through Minnesota
Power's Renewable Resources Rider Under
Minn. Stat. § 216B.1645

ISSUE DATE: March 4, 2008

DOCKET NO. E-015/M-07-1064

ORDER APPROVING TACONITE RIDGE I
INVESTMENTS AND EXPENDITURES,
FINDING THAT MINN. STAT.
§ 216B.1645, SUBD. 2a DOES NOT APPLY
TO PETITION, AND REQUIRING
CLARIFICATION OF REPORTING
REQUIREMENTS

PROCEDURAL HISTORY

On May 11, 2007, the Commission issued an order approving Minnesota Power's renewable resources rider tariff, which allows recovery of renewable investments and expenditures.¹

On August 3, 2007, Minnesota Power petitioned the Commission under Minn. Stat. § 216B.1645, subd. 1 for approval of investments and expenditures related to the Taconite Ridge I Wind Energy Center ("Taconite Ridge I"), through its renewable resource rider.

The Taconite Ridge I project is a 25 megawatt wind facility to be located near Mountain Iron at Minntac Mine. The project will install ten turbines on land owned by U.S. Steel and leased to Minnesota Power.² The Company intends to use generation from Taconite Ridge I to meet its renewable energy objectives under Minn. Stat. §216B.1691.

¹ See, In the Matter of a Petition for Approval of a Wind Energy Power Purchase Agreement with FPL Energy Oliver Wind II, LLC and to Implement a Renewable Resources Rider, Docket No. E-015/M-07-216 (May 11, 2007).

² On September 11, 2007, the Commission issued its Order granting Minnesota Power a site permit for the facility (Docket No. E-015/WS-07-676).

On October 9, 2007, the Department of Commerce (the Department) filed comments, recommending approval of Minnesota Power's proposed expenditures and investments in the project.

On November 1, 2007, the Commission met to consider Minnesota Power's petition. The Commission deferred a decision on the matter, however, and requested the parties to provide additional briefing on whether and how the 2007 addition of subdivision 2a to Minn. Stat. § 216A.1645 affects Minnesota Power's request for cost recovery in this docket.

On November 14, 2007, Minnesota Power filed supplementary comments addressing the legal issue posed. On November 16, 2007, the Department indicated its agreement with the legal analysis set forth by Minnesota Power.

On February 14, 2008, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Project Approval and Cost Recovery

In its October 9, 2007 comments, the Department recommended approval of the Taconite Ridge I project, concluding that Minnesota Power's investment and expenses relating to the project satisfy the requirements of Minn. Stat. §216B.1645, subd 1, which states:

Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in Sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable energy objectives set forth in section 216B.1691

As Minnesota Power intends to use generation from Taconite Ridge I to meet its renewable energy objectives under Minn. Stat. §216B.1691, the Commission concurs that the Company's investment and expenses relating to Taconite Ridge I satisfies the requirements of Minn. Stat. §216B.1645, subd 1. The Commission will therefore approve the Company's investments and expenditures in the project.

Minn. Stat. §216B.1645, subd 2 provides that expenses incurred from such investments may be recovered through an automatic adjustment of charges. The Commission has previously approved Minnesota Power's renewable resources rider tariff that allows recovery of renewable investments and expenditures pursuant to Minn. Stat. § 216B.1645, subd. 2. Minnesota Power intends to submit a filing detailing its proposed rates under its renewable resource rider by March 1, 2008 for proposed recovery expected to begin June 1, 2008.

II. Approval Process Unaffected by 2007 Legislative Amendments

Minnesota Power asserts that the 2007 legislative amendment to Minn. Stat. § 216B.1645, adding a new subdivision 2a, is not applicable to the Taconite Ridge I project, since the new subdivision is applicable to those facilities that were previously approved by the Commission under section 216B.2422 or 216B.243. The Company argued that the Taconite Ridge I project does not require Commission approval under §§ 216B.2422 (resource planning, renewable energy) or 216B.243 (certificate of need for large energy facility) since the project does not meet the definition of a “large energy facility” under Minn. Stat. § 216B.2421, subd. 2(1). The Department agreed with Minnesota Power’s analysis.

The Commission concurs that the new subdivision 2a to Minn. Stat. § 216B.1645 does not pose a barrier to Commission approval of the investments and expenditures related to Minnesota Power’s Taconite Ridge I project. As the Taconite Ridge I project will only have an installed nameplate capacity of 25 megawatts, and hence, is not a large energy facility,³ it is unaffected by the statutory amendment. Therefore, Commission approval under Minn. Stat. § 216B.1645, subd. 1, as set forth herein, is the appropriate means by which to proceed.

III. Clarification of Reporting Requirements

In its May 11, 2007 Order Approving A Wind Energy Power Purchase Agreements with FPL Energy Oliver Wind II, LLC and Implementing a Renewable Resource Rider, the Commission set forth a number of reporting requirements relating to projects such as Minnesota Power’s Taconite Ridge I project. In its October 9 comments, the Department recommended that the Commission further require Minnesota Power to identify if and how those previously imposed reporting requirements would apply to their ownership of Taconite Ridge I, and to specifically address how curtailment would impact ratepayers as part of the Company’s March 2008 rate adjustment filing. The Commission will so order.

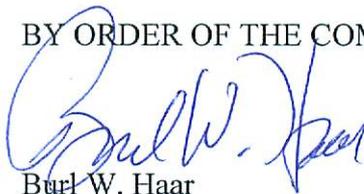
ORDER

1. The Commission approves the Taconite Ridge I project investments and expenditures as filed.
2. Minnesota Power shall clarify its reporting requirements as set forth above in its March 2008 rate adjustment filing.

³ Minn. Stat. § 216B.2421, subd. 2(1) defines a large energy facility as:
(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system.

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



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STATE OF MINNESOTA)
)SS
COUNTY OF RAMSEY)

AFFIDAVIT OF SERVICE

I, Margie DeLaHunt, being first duly sworn, deposes and says:

That on the 4th day of March, 2008 she served the attached

ORDER APPROVING TACONITE RIDGE I INVESTMENTS AND EXPENDITURES,
FINDING THAT MINN. STAT. 216B.1645, SUBD. 2a DOES NOT APPLY TO
PETITION, AND REQUIRING CLARIFICATION OF REPORTING REQUIREMENTS

MNPUC Docket Number: E-015/M-07-1064

- XX By depositing in the United States Mail at the City of St. Paul, a true and correct copy thereof, properly enveloped with postage prepaid
- XX By personal service
- XX By inter-office mail

to all persons at the addresses indicated below or on the attached list:

- Commissioners
- Carol Casebolt
- Peter Brown
- Eric Witte
- Marcia Johnson
- Kate Kahlert
- AG
- Louis Sickmann
- Bob Cupit
- Susan Mackenzie
- Janet Gonzalez
- Mary Swoboda
- Jessie Schmoker
- Sharon Ferguson - DOC
- Julia Anderson - OAG
- John Lindell - OAG

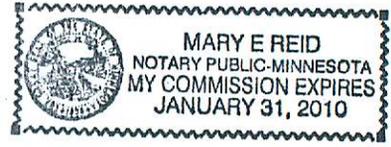
Margie DeLaHunt

Subscribed and sworn to before me,

a notary public, this 4 day of

March, 2008

Mary E. Reid
Notary Public



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