

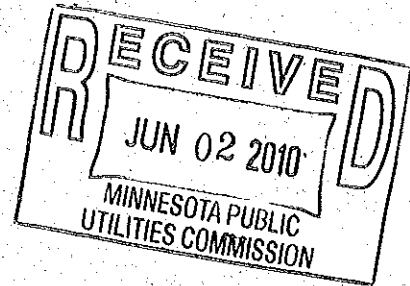


NORTH AMERICAN WATER OFFICE

PO BOX 174

LAKE ELMO, MN 55042

May 31, 2010



Burl W. Haar  
Minnesota Public Utilities Commission  
Suite 350  
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RE : In the Matter of the Application of Great River Energy, Northern States Power Company (d/b/a Xcel Energy) and Others for Certificated of Need for Three 345 kV Transmission Lines with Associated System Connections

MPUC Docket No.: ET-2, E-002, et al./CN-06-1115  
OAH Docket No. : 15-2500-19350-2

Dear Dr. Haar :

Please find enclosed 15 copies of the NAWO response to the Notice of Change in Timing of the Brookings Project. Copies have been sent via the U.S. Postal Service to parties on the enclosed Service List.

Thank you.

Sincerely,

George Crocker  
Executive Director

OK FOR PAPER COPY  
TRANSMITTAL  
*Burl Haar* 6/2/10  
Burl Haar, Executive Secretary/Date



**STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION**

David Boyd  
J. Dennis O'Brien  
Thomas Pugh  
Phyllis Reha  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF NORTHERN STATES POWER  
COMPANY (D/B/A XCEL ENERGY),  
GREAT RIVER ENERGY, AND OTHERS  
FOR CERTIFICATES OF NEED FOR  
THREE 354 KV TRANSMISSION LINES  
WITH ASSOCIATED SYSTEM  
CONNECTIONS

Docket No. E-002/CN-06-1115

**Comment of the  
North American Water Office  
Regarding the Filing for Notice of  
Change in Timing of the  
Brookings Project and  
Development Plan**

As could reasonably be expected, CAPX 2020 Group 1 Applicants have now filed a Notice of Change in Timing for their Brookings Project due to cost allocation issues. These issues are not new, and evidence surrounding them was available for thoughtful consideration by the ALJ and the Commission during the Certificate of Need proceeding. Facts in the record provide ample evidence that the Project serves, virtually exclusively, a generation outlet function, and that the MISO had even less clarity then than it does today regarding cost allocation for projects that serve such a function. Had this evidence not been so vociferously objected to by council for MISO and the Applicants, and subsequently discounted and ignored by decision-makers, we would all now be, arguably, much further along the path toward a more equitable, less expensive, and cleaner electric utility system. Unfortunately, in the fervor to certify these projects "because if they are

needed, it doesn't matter how much they cost," as Dr. Rakow and his Department colleagues insisted at the time, this evidence was not given weight.

Now, sure enough, because parties that tend to be rather hide-bound and self-serving cannot agree on who should pay how much for misguided infrastructure required to transform our collective public commitment for renewable energy into a wholesale extraction of public wealth for cartel interests, the Brookings Project now has "a delay of more than a year," according to the filing. More accurately, the delay should be characterized as one of at least two years, and probably longer.

**This delay creates an opportunity for the Commission to re-direct transmission planning and management toward infrastructure investments that are more aligned with modern technologies, as well as with public policy objectives, rules and statutes that require least-cost energy development, optimal local economic development, and increasing amounts of renewable energy.**

Toward these ends, and in recognition of the profound shift underway in the electric utility industry (further evidenced by the situation that produced this Notice of Change filing), the Commission should rescind the Certificate of Need for the Brookings Project and, on its own initiative, order a transmission rule-making proceeding that will result in decision-making capable of producing transmission infrastructure investments more in keeping with the requirements of the Modern Era.

This modern era of the electric utility industry will become increasingly dependent on millions of components that are all mass-produced in factories, shipped to their site, and deployed. The economies-of-scale of this modern era are diametrically opposite those of the obsolete Central Station Era. In the old paradigm, custom-built generators got bigger and bigger because as they got bigger, each unit of generation got cheaper, not counting waste and pollution, of course. But now going forward, new generation, whether wind or solar photovoltaic or fuel cells or bio-fuel processors or gas turbines or maybe even in your dreams little nukes, all these machines will roll off assembly lines. The switches and controlling devices of the modern electrical delivery system also all get mass produced in factories, as do the high-efficiency end-use appliances that play an increasing roll in electrical consumption.

The economies-of-scale of mass production causes these modern technologies, now also specifically including electric generators, to want to be deployed in very large numbers because now each unit of generation gets cheaper as more units get manufactured. This allows these units to get spread out over a very large geographic area.

But the Brookings Project is a throw-back to a by-gone era. At best, it attempts to make the installation of certain modern electric generators mimic old Central Station development patterns. As conventional utility managers, planners, regulators and sycophants insist on constructing central-station facilities in the era of mass-production, the contradiction produces infrastructure costs that are many times more expensive than they need to be, and now we're delayed 2 years or more haggling over who must pay the

exorbitant costs. But such haggling is perhaps the least of it. Developing infrastructure that is obsolete even before it gets built will also make the system much less efficient, less reliable, and less secure than it should be, and make it impossible to fulfill the ultimate objectives of environmental protection and local economic development.

The present filing provides the Commission with an opportunity to begin resolving the contradiction between the Brookings Project and the requirements of a modern electric utility transmission and distribution system. A solid and well-laid foundation for such an effort is already in place as a result of the Dispersed Generation Transmission Studies. While the formal "conclusion" of that analysis was ideologically constrained, its real value rests with the tools it created and the methodology it began to develop for understanding what the proper set of new transmission infrastructure is, in terms of size, timing and location, considering our collective ability to strategically size and locate new generation at sites that optimize the aforementioned policy objectives of least-cost energy development, and renewable energy development that optimizes local economic benefits.

The integrated lower voltage/higher voltage power flow model was created for that study at considerable time and expense. Now is the time to use it for what it was actually designed to do.

Respectfully submitted



George Crocker, Executive Director  
North American Water Office

Distribution List for CAPX2020 Certificate of Need Application

Official Service List for  
MPUC Docket No. E002/CN-06-1115

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