

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  WESTERN MINNESOTA MUNICIPAL POWER AGENCY	DOCKET NO. WRU-05-54
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**ORDER GRANTING WAIVER AND REQUIRING ADDITIONAL INFORMATION**

(Issued January 11, 2006)

On December 15, 2005, the Western Minnesota Municipal Power Agency (Western Minnesota) filed with the Utilities Board (Board) an application for waiver of the generating certificate requirements of Iowa Code chapter 476A for the proposed significant alteration (addition) of an existing facility. Western Minnesota intends to add a third 45 MW simple-cycle combustion turbine to the two in operation at Western Minnesota's facility in Audubon County, Iowa, near the communities of Exira and Brayton. The turbine would primarily run on natural gas, with diesel fuel back up. Pursuant to 199 IAC 24.15, Western Minnesota served a copy of the waiver request on all owners of record of real property that adjoin the facility site. No objections to the waiver request were filed.

Western Minnesota consists of 23 Minnesota municipalities, 21 of which are also members of the Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services (MRES). Western Minnesota provides power, energy, and transmission capability associated therewith to MRES pursuant to a power supply

contract. MRES is comprised of 59 municipally-owned electric utilities in Iowa, Minnesota, North Dakota, and South Dakota. Western Minnesota states the third generating unit at the Exira site is necessary to meet its obligations to MRES under the power supply contract because of an unexpected change in the availability of existing member generation resources and load growth.

Western Minnesota's planned addition to the Exira site falls within the parameters of Board review under chapter 476A. Iowa Code § 476A.1(5) provides that a generating certificate must be obtained for any "facility" with a total capacity of 25 MW or more. However, Iowa Code § 476A.15 specifically grants the Board the authority to waive the requirements of chapter 476A for any size generation unit if it determines that "the public interest would not be adversely affected." A waiver of chapter 476A was granted for the initial two units at the Exira site. Western Minnesota Municipal Power Agency, "Proposed Decision and Order," Docket No. WRU-03-19 (8/20/03); Western Minnesota Municipal Power Agency, "Order Affirming Proposed Decision and Order," Docket No. WRU-03-19 (9/17/03).

The decision criteria for a generation certificate are found in Iowa Code § 476A.6. The decision criteria are: 1) whether the facility is consistent with legislative intent, the economic development policy of the state, and will not be detrimental to provision of adequate and reliable electric service, 2) whether the applicant will construct, maintain, and operate the facility pursuant to the provisions of

the certificate, and 3) whether the construction, maintenance, and operation of the facility are consistent with reasonable land use and environmental policies.

The first criteria relates to the provision of adequate and reliable service. Western Minnesota has provided sufficient information to establish the need for the facility and the facility is consistent with the legislative intent expressed in Iowa Code § 476.53 to develop generation in Iowa to serve Iowa consumers. Several Iowa communities are members of MRES, which purchases power from Western Minnesota. The facility also supports economic development policies by improving the energy infrastructure.

From the information provided by Western Minnesota, the additional turbine will have no unforeseen or additional impact on the existing transmission system. Western Minnesota states the Mid-Continent Area Power Pool Design Review Subcommittee has approved the transmission studies for the Exira site for 140 MW. This approval was contingent upon mitigation of some minor impacts, but the addition of the third unit will not require any additional mitigation. No franchise or permanent easements are required to interconnect to the high voltage transmission system. In addition, because the initial design contemplated a third unit, no modifications will be required for natural gas interconnection, other than extensions of existing lines.

The second criterion is of little importance in this case. A certificate, if required, would merely state that Western Minnesota must comply with applicable law. Western Minnesota is subject to statutory requirements regardless of whether

an actual certificate is issued. For example, Iowa Code § 476A.2(2) provides that Board approval must be obtained for a significant alteration to a facility, as Western Minnesota has requested by filing its waiver request. Granting this waiver will not exempt Western Minnesota from any statutory requirement with respect to its future activities.

The final decision criterion relates to environmental factors. Environmental permits are within the purview of the Iowa Department of Natural Resources (IDNR) and other state and federal agencies and the Board has traditionally deferred to their expertise in these areas and has found this criterion satisfied if appropriate permits are issued. Western Minnesota states it has or will file for applicable permits with appropriate federal, state, and local authorities, including the IDNR.

The Board finds that the waiver request adequately addresses the decision criteria for a generating certificate and will therefore waive the requirements of chapter 476A. The waiver will not detrimentally affect the public interest. In fact, if the waiver is denied, there is nothing more that Western Minnesota would need to submit to obtain a generating certificate pursuant to Iowa Code chapter 476A. Such a proceeding would serve no purpose, other than create potential delay and add to the cost of the facility, to the detriment of Iowa customers who will benefit from the facility. However, the Board reminds Western Minnesota that it must obtain any other applicable environmental permits and comply with any other state and local regulations, such as zoning or land use restrictions.

The Board receives many requests from policy makers, agencies, and others for information regarding new generating facilities. Western Minnesota will be required to notify the Board by letter when its new addition is operational.

**IT IS THEREFORE ORDERED:**

1. The request for waiver filed by Western Minnesota Municipal Power Agency on December 15, 2005, is granted to the extent discussed in this order.
2. Western Minnesota shall notify the Board by letter when the new addition to its Exira generating facility is operational.

**UTILITIES BOARD**

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 11<sup>th</sup> day of January, 2006.