

Testimony of Todd Simmons
ALLETE Inc.
Before the Interim Energy Development & Transmission Committee
October 10, 2016

Good morning Madame/Mr. Chair and members of the committee. My name is Todd Simmons and I am the General Manager of Wind Operations at ALLETE. Thank you for giving me an opportunity to speak to you this morning regarding the electric generating facilities sales tax exemption I am here to speak on behalf of ALLETE and its diverse energy subsidiaries.

ALLETE and its affiliate companies have a long history in North Dakota and sincerely value the relationships we've built here over the years. ALLETE-owned BNI Coal has operated in North Dakota since 1930. BNI Coal supplies 4 to 4.5 million tons of lignite coal annually to the Milton R. Young Generating Station and employs 170 people with an annual local spend of \$60 million.

ALLETE, through its regulated utility operations at Minnesota Power, operates the Bison Wind Energy Center, which is the largest wind farm in the state at nearly 500 MW. Minnesota Power has invested over \$800 million in the Bison Wind Energy Center. With a peak construction workforce of 200 contractors, and 350,000 total hours worked on the most recent expansion project alone.

Minnesota Power and ALLETE Renewable Resources currently employ fourteen full time employees at its Bison Wind Facility with another thirty five full time contract technicians as well as two High Voltage Direct Current employees. Through these operations ALLETE spends ~\$3.0 million annually on local labor, fuel and services and pays \$1.8 million in property taxes annually to the State.

ALLETE Clean Energy, a subsidiary of ALLETE, also has a significant footprint in the state. Most recently it completed constructing a 107 MW wind project in Hettinger, ND for Montana Dakota Utilities, with the hope of further developments related to wind, carbon capture and sequestration and other resources in North Dakota.

One of North Dakota's greatest strengths has been its ability to attract important investments to the state through competitive taxation and regulatory certainty. Many of the investments previously referenced were aided specifically by these policies, and unlike the strategy of many of its neighboring states, North Dakota's encouragement of energy development has proved to be a wise approach for bringing significant investment into the state. As the nation continues its transition to a more diverse energy profile, it remains vital that the state continue

to retain that competitive advantage.

ALLETE and its affiliate companies also value the support that North Dakota has shown for supporting an “all of the above” energy policy. We believe that kind of balanced outlook is needed to mitigate risk to the general economy and to consumers. We also believe North Dakota’s energy tax policies are important for supporting technological advancement which is an essential part of securing our energy future. Coal-fired generation has been the target of significant pressure as of late and faces a turning point as it transitions to new technologies and applications that will allow it to continue to provide the important baseload power it has produced for the last century. New technology development like the Allam Cycle, which ALLETE, BNI Energy and Minnesota Power have financially supported in conjunction with the Lignite Energy Council and other parties, holds real promise for the future of coal. Supportive tax policies are a key tool the state has to help ensure North Dakota is where coal-fired generation innovation is realized.

ALLETE, BNI Energy, ARRI, Minnesota Power, and ALLETE Clean Energy greatly value our partnership with the State of North Dakota. We strongly support the continuation of the electric generating tax facilities sales tax exemption for all types of energy as an important competitive advantage for the

state of North Dakota to continue to attract and retain jobs and investment in the State.

Madame/Mr. Chair and members of the committee, I thank you for your time. I would be happy to answer any questions.