

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY**

North Star Electric Cooperative) Docket No. EA-____

**APPLICATION OF
NORTH STAR ELECTRIC COOPERATIVE
FOR AUTHORIZATION TO
TRANSMIT ELECTRICITY FROM THE UNITED STATES TO CANADA**

Pursuant to Section 202(e) of the Federal Power Act (“FPA”) (16 U.S.C. § 824a(e)) and the regulations promulgated under 10 C.F.R. §§ 205.300, *et seq.* (2020), North Star Electric Cooperative (“North Star” or “Applicant”) hereby requests authorization to transmit electricity from the United States to Canada for a period of five years (or such longer period as may be permitted by the Department).¹ North Star has also submitted an application for a Presidential Permit for the continued connection, operation, and maintenance of the associated facilities at the international border.² In support of this Application, North Star respectfully states as follows:

I. INTRODUCTION

A. Background

North Star is an electric distribution cooperative formed in 1940 to provide electricity to the rural areas of north central Minnesota (in Lake of the Woods, Koochiching, St. Louis, and Roseau counties). Today North Star serves approximately 6,400 customer accounts over 1,400 miles of distribution line. Because North Star is a cooperative, North Star’s customers are its member-owners. North Star is a distribution cooperative member-owner of Minnkota Power

¹ See 10 C.F.R. § 205.300(a) (2020).

² See 10 C.F.R. § 205.300(b) (2020); *North Star Electric Cooperative*, “Application of North Star Electric Cooperative for Presidential Permit,” Docket No. PP-____ (filed Feb. 19, 2021).

Cooperative (“Minnkota”), a generation and transmission (“G&T”) cooperative that provides wholesale power requirements to North Star and its other member-owner cooperatives. North Star is governed by its seven-member board of directors, who are elected by the member-owners of North Star.

Twenty-six of North Star’s residential customers are in Canada.³ These customers are served via two radial, low-voltage feeds that cross the U.S.-Canadian border and extend ten miles from Minnkota’s International Falls Substation in northern Minnesota to the border and then into Canada. These facilities are not interconnected to the Canadian grid.³

Other than meters, the customers in Canadian waters own the facilities in Canada that serve them. In addition to the regular electric rate and a slightly reduced basic service fee, they pay for cable replacement, safety upgrades, and outage restoration (if the problem is north of the border).

North Star does not intend that its distribution facilities serving its customers in Canadian waters to be used by any other parties. Because they are distribution lines, they are generally exempt from “open access” requirements. North Star does not own any of its own power generation facilities itself, but instead purchases all of its power supply requirements (to serve its retail customers) from Minnkota.

B. The Application

In July 2018, after being approached by three prospective customers about extending retail service to new customer in Canadian waters, North Star discovered it did not have the necessary

³ The nearest utility in Canada, HydroOne, has expressed an unwillingness to extend its facilities to serve these customers and supports North Star serving them instead.

authorization under FPA § 202(e) to transmit electricity into Canada to serve its existing customers in Canada. Prior to that time, North Star was not aware of the requirement to have either a Presidential Permit or export authorization. North Star contacted its power supplier, Minnkota, for advice on how to proceed. Minnkota determined that a Presidential Permit was required, and that North Star did not have one. As soon as it became aware of these requirements, North Star contacted counsel to determine appropriate remedial actions, including filing the necessary applications and obtaining the required permit(s) and authorization.

North Star regrets that it did not obtain this required authorization earlier. With this Application, North Star seeks to come into compliance with the FPA and Department regulations. North Star is requesting authorization to transmit electric energy from the United States to Canada for a five-year period (or such longer period as the Department may authorize) so that it may continue to serve its existing customers in Canada and to serve any future customers that may be tapped off the described radial lines, including the three new customers mentioned above. North Star's export of electric energy to Canada does not and will not impair the sufficiency of electric supply within the United States nor does it or will it impede or tend to impede the coordination in the public interest of facilities subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC").

II. DESCRIPTION OF APPLICANT

Applicant's exact legal name is "North Star Electric Cooperative, Incorporated."⁴ It does not have any partners,⁵ and, thus, is not seeking authorization to export power on behalf of, or in

⁴ See 10 C.F.R. § 205.302(a) (2020).

⁵ See 10 C.F.R. § 205.302(b) (2020).

conjunction with, any partners or partnership. North Star is not affiliated with any entity that has authorization from the Department to transmit electricity to Canada. Communications regarding this Application should be addressed to the following:⁶

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North Star is a cooperative corporation organized under Minnesota state law with its principal place of business at 441 State Hwy 172 NW, Baudette, MN 56623.⁷ Its service territory is located in north central Minnesota where it serves native, retail load. Because North Star is a cooperative, its customers are its member-owners. As noted above, a seven-member board of directors, who are elected by its member-owners, governs North Star.

As a distribution cooperative member-owner of a G&T cooperative (Minnkota), North Star receives all of its wholesale power requirements from its G&T. North Star does not own any of its own power generation facilities, but instead purchases all of its power supply requirements (to serve its retail customers) from Minnkota. Accordingly, North Star will have title to any electricity transmitted to Canada under the authorization sought in this Application.

⁶ See 10 C.F.R. § 205.302(c) (2020).

⁷ See 10 C.F.R. § 205.302(d) (2020).

III. JURISDICTION

The Department has jurisdiction over the action proposed in this Application under FPA § 202(e).⁸ No other known federal, state, or local government has jurisdiction over the action to be taken under the authority sought in this Application.⁹

IV. FACILITIES

North Star is seeking authorization to export power over its existing cross-border distribution facilities between the United States and Canada.¹⁰ On the U.S. side, these facilities consist of the electric lines and associated equipment that run from the last substation in the United States to the border-crossing points of the lines that serve North Star's customers in Canada. Specifically, starting at the International Falls Substation owned by Minnkota in the U.S. and proceeding in a northeasterly direction, there are (all distances are approximate) 4.1 miles of 14,400 volt three-phase underground line, then 2.5 miles of 14,400 volt three-phase overhead line, then 1.0 miles of 7,200 volt three-phase overhead line, then 4.0 miles of 7,200 volt three-phase underwater line to an oil circuit recloser ("OCR") breaker on the U.S. mainland. From that point, one single-circuit line continues north within the U.S. to serve additional customers located in the U.S. and the majority of the customers located in Canada, and a tap on that line heads east for about 1.2 miles toward the U.S./Canada border to serve the remaining two customers in Canadian waters. Specifically, from the OCR breaker, there is a 0.15 mile stretch of 7,200 volt three-phase overhead line, then 0.14 miles of 7,200 volt single-phase overhead, and then 2.27 miles of 7,200

⁸ See 16 U.S.C. § 824a(e).

⁹ See 10 C.F.R. § 205.302(e) (2020).

¹⁰ See 10 C.F.R. § 205.302(f) (2020).

volt single-phase underwater line to the U.S./Canada border, which is just beyond Curtis Island.¹¹ The total distance of these lines is approximately 14.16 miles from the International Falls Substation to the border.¹² As mentioned, these facilities are not connected with the interconnected electric grid in Canada.

V. TECHNICAL DISCUSSION

Section 205.304 of the Department's regulations¹³ states that if an application is for authorization to export less than 1,000,000 kWh annually, the applicant need not furnish the information identified in 10 C.F.R. § 205.302(g), which requests a technical discussion of the application. North Star expects to export approximately 40,000 kWh annually. Accordingly, North Star is not including here a technical discussion of its proposal to continue exports to serve its customers in Canada. North Star stands ready to provide any additional information that the Department may require to review and grant the authorization requested in this Application.¹⁴

VI. CONSISTENCY WITH LAWS

North Star will conduct all operations pursuant to this authorization in accordance with the provisions of the FPA and pertinent rules, regulations, and orders adopted or issued thereunder,

¹¹ The North Star cabinet on Curtis Island is located at coordinates 48° 37' 36.142" N. Latitude and 93° 11' 14.796" W. Longitude.

¹² A more detailed description of the facilities, including maps, is included in North Star's application for Presidential Permit.

¹³ 10 C.F.R. § 205.304 (2020).

¹⁴ As an all-requirements distribution cooperative member of a G&T, North Star receives all of its power supply requirements from Minnkota. North Star's export of electric power to Canada to serve its native retail load does not and will not impair or tend to impede the sufficiency of electric power supplies in the United States or the regional coordination of electric utility planning or operations. As described in North Star's Presidential Permit application, Minnkota maintains generation reserves of at least 8.9% (or 53 MW); as a result, service to North Star's customers in Canada will not impede the sufficiency of power supplies in the United States.

and in conformity with the applicable reliability criteria, standards, and guidelines of NERC, reliability coordinators, and balancing authority area operator(s), including any applicable regional transmission organizations or independent system operators.

Because the proposed exports will occur over facilities that are already constructed and in operation (and have been since before the 1970s), North Star has not provided here or in its Presidential Permit application a formal assessment of the environmental impacts of the facilities under the National Environmental Policy Act of 1969 (“NEPA”). To the extent there are environmental impacts, they are known, and it would be impractical and of little benefit to undertake additional environmental impact assessments at this time. Other than routine maintenance, repair, and replacement activities, North Star is not undertaking any construction activities with respect to its cross-border distribution facilities, i.e., is not disturbing new ground or underwater areas. Consistent with its request in the Presidential Permit application and with the Department’s categorical exclusion of export authorizations over existing transmission systems,¹⁵ North Star requests that the Department issue the requested authorization without requiring a formal environmental assessment under NEPA.

VII. EXHIBITS

North Star includes the following Exhibits with this Application:

- Exhibit A (10 C.F.R. § 205.303(a) – Export Agreements. Not Applicable. Section 205.303(a) of the Department’s regulations request a “copy of the agreement or proposed agreement under which the electricity is to be transmitted including a listing of the terms and conditions.” North Star serves the retail electricity

¹⁵ See 10 C.F.R. Part 1021, App. B to Subpart D, § B4.2 (2020).

requirements of its residential customers in Canada; this service is provided pursuant to standard service agreements and tariffs. These agreements and tariffs are not for the transmission of electricity to Canada *per se* and therefore do not fall within the scope of the export agreements requested by this regulation.

- Exhibit B (10 C.F.R. § 205.303(b)) – Opinion of Counsel. Attached as Exhibit B is the legal opinion of counsel that the proposed exports are within North Star’s corporate power and that North Star will comply with all pertinent federal and state laws.
- Exhibit C (10 C.F.R. § 205.303(c)) – Maps. Not Applicable. Section 205.304 of the Department’s regulations state that if an application is for authorization to export less than 1,000,000 kWh annually, the applicant need not furnish the information identified in 10 C.F.R. § 205.303 (Exhibit C), which is a map of the facilities used for the export. North Star expects to export approximately 40,000 kWh annually. Accordingly, North Star is not providing here a map of its facilities, but notes that maps of the facilities are included with its Presidential Permit application.
- Exhibit D (10 C.F.R. § 205.303(d)) – Agent for Foreign Entities. Not Applicable. North Star has offices in the United States and therefore no designated agent residing within the United States is required.
- Exhibit E (10 C.F.R. § 205.303(e)) – Statement of Corporate Relationship. Not Applicable. North Star does not have any corporate relationship or existing contract between it and any other person, corporation, or foreign government, which in any

way relates to the control or fixing of rates for the purchase, sale, or transmission of electric energy.

- Exhibit F (10 C.F.R. § 205.303(f)) – Operating Procedures. Not Applicable. As an all-requirements distribution cooperative member of a G&T, North Star receives all of its power supply requirements from Minnkota and delivers that power to its retail customers.
- Attachment 1 – Verification. North Star has attached as Attachment 1 a signed, notarized verification of the factual representations in this Application.

VIII. CONCLUSION

In order that it come into compliance with all required regulatory authorizations, North Star respectfully requests the Department grant this Application and issue the requested authorization as soon as possible. We appreciate the Department's assistance with this matter.

Respectfully submitted,



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Attorneys for North Star Electric Cooperative

Date: June 8, 2021

EXHIBITS A, C, D, E, and F

(NOT APPLICABLE)

EXHIBIT B
OPINION OF COUNSEL



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June 7, 2021

United States Department of Energy
Office of Electricity
Washington, DC

Re: Application of North Star Electric Cooperative for Authorization to Transmit
Electricity from the United States to Canada
Docket No. EA-__

Ladies and Gentlemen:

The following opinion is given in support of the Application of North Star Electric Cooperative (“North Star”) for Authorization to Transmit Electricity from the United States to Canada (“Application”). I am counsel to North Star, a Minnesota cooperative corporation, and have represented North Star in connection with the Application. I am an attorney-at-law, authorized to practice law in the State of Minnesota. I have examined such corporate records, certificates and other documents, and such questions of law, as I have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination and as of the date hereof, it is my opinion that:

1. North Star is a cooperative corporation validly existing and in good standing under the laws of the State of Minnesota;
2. North Star has the corporate power and authority to engage in the continued delivery and sale of electric energy to customers in Canada as set forth in the Application; and
3. Based upon my knowledge of the facts and the law, including as a result of my consultation with outside counsel, following the issuance of the authorization sought in the Application, North Star will comply with all federal and state laws applicable to the continued export of electric energy as set forth in the Application.

The foregoing opinion is limited to the federal laws of the United States and the laws of the State of Minnesota as of the date hereof, and I am expressing no opinion as to the effect of the laws of any other jurisdiction.

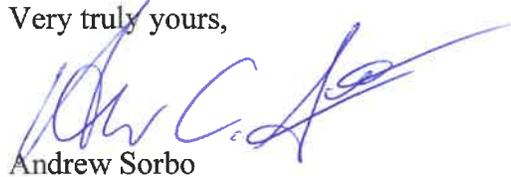
In rendering this opinion, I have relied as to certain matters on information obtained from public officials, officers of North Star, and other sources believed by me to be responsible, and I

Department of Energy
Office of Electricity
June 7, 2021
Page 2

have assumed that the signatures on all documents examined by me are genuine, assumptions which I have not independently verified.

I am furnishing this opinion solely for your benefit in connection with the Application. This opinion may not be relied upon by you for any other purpose or relied upon by or furnished to any other person without my express written consent.

Very truly yours,



Andrew Sorbo

*Counsel to
North Star Electric Cooperative*

Dated: June 7, 2021

ATTACHMENT 1

Verification

