

Direct Testimony and Schedules
Brian F. Bartoszek

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to
Increase Rates for Natural Gas Service in Minnesota

Docket No. G011/GR-17-563

Exhibit _____

Former Manufactured Gas Plant Cleanup Costs

October 13, 2017

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Brian F. Bartoszek. My business address is WEC Energy Group, Inc.
4 (“WEC”), 700 North Adams Street, P.O. Box 19001, Green Bay, Wisconsin 54307-9001.

5
6 Q. PLEASE DESCRIBE YOUR EDUCATIONAL, PROFESSIONAL, AND UTILITY
7 BACKGROUND.

8 A. I received a Bachelor of Science degree in environmental engineering from Michigan
9 Technological University in 1994. I began my career as a staff engineer in 1994 with an
10 environmental consulting firm where I remained employed until 2004, leaving with the
11 title of Senior Engineer. In August 2004, I began employment with Wisconsin Public
12 Service Corporation (“WPSC”), now an affiliate of Minnesota Energy Resources
13 Corporation (“MERC” or the “Company”) as an Environmental Consultant. I became the
14 Manager of Remediation and Solid Waste in 2007. I am currently the Manager of
15 Remediation with WEC Business Services, LLC (“WBS”), an affiliated business services
16 provider under WEC. In this position, I oversee the environmental remediation activities
17 conducted by MERC and WEC’s other utility subsidiaries.

18
19 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

20 A. My Direct Testimony describes the environmental activities that have given rise to the
21 incremental costs associated with the former manufactured gas plant (“FMGP”) site
22 located in Austin, Minnesota (the “Austin Site”). I discuss the status of MERC’s
23 investigation and remediation activities at the Austin Site and provide an update

1 regarding the scope of anticipated remediation. Company witness Mr. Seth DeMerritt
2 discusses MERC's proposal for recovery of FMGP costs in this case.

3
4 Q. PLEASE DESCRIBE THE ENVIRONMENTAL ACTIVITIES AND
5 RESPONSIBILITIES OF THE ENVIRONMENTAL DEPARTMENT AS THEY
6 RELATE TO MERC'S FMGP OPERATIONS.

7 A. The Environmental Department is responsible for the oversight of the environmental
8 operations of the Company. Personnel from the Environmental Department review and
9 comment on documents and technical materials that are prepared by the Company's
10 environmental consultants and also review the invoices submitted by those consultants to
11 MERC for the work the consultants perform. In addition, personnel from the
12 Environmental Department oversee and assist MERC's environmental consultants in
13 conducting field investigations.

14
15 Q. ON WHOSE BEHALF ARE YOU OFFERING THIS TESTIMONY?

16 A. I am offering this testimony on behalf of MERC.

17
18 Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR
19 TESTIMONY IN THIS PROCEEDING?

20 A. Yes. I am sponsoring the following exhibits:

- 21 • Exhibit ___ (BFB-1) includes data to support the prudence and reasonableness of
22 MERC's costs related to the investigation and remediation of the Austin Site since

1 MERC acquired responsibility for that site on May 1, 2015, including a
2 description of costs incurred and activities conducted, by month.

- 3 • Exhibit ___ (BFB-2) calculates MERC’s projected costs for the investigation and
4 remediation of the Austin Site, by year, based on currently available information
5 and cost estimates.
- 6 • Exhibit ___ (BFB-3) is correspondence between MERC and the Minnesota
7 Pollution Control Agency (“MPCA”) regarding approval of the remedial
8 investigation work plan for the Austin Site, including MERC’s Revised Phase II
9 Investigation Work Plan submitted on May 13, 2016, and MERC’s Revised
10 Quality Assurance Project Plan (“QAPP”) submitted on October 21, 2016. The
11 MPCA approved MERC’s proposed work plan with clarifications and
12 modifications on June 10, 2016, and approved MERC’s QAPP on November 7,
13 2016.

14
15 Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR DIRECT
16 SUPERVISION?

17 A. Yes, they were.

1 **II. FORMER MANUFACTURED GAS PLANT COSTS – AUSTIN SITE**

2 Q. WHAT ARE MERC’S OBLIGATIONS AND LIABILITIES WITH RESPECT TO
3 FMGP CLEANUP?

4 A. Pursuant to the Minnesota Public Utilities Commission’s (“Commission”) December 8,
5 2014, Order Approving Sale Subject to Conditions in Docket No. G001,011/PA-14-107,
6 MERC acquired Interstate Power and Light Company’s (“IPL”) Minnesota natural gas
7 operations and assets. As part of that acquisition, MERC acquired a regulatory asset in
8 the amount of \$2,602,565 from IPL related to FMGP cleanup costs incurred but not yet
9 recovered by IPL. The regulatory asset consisted of deferred costs related to cleanups at
10 several FMGP sites that were incurred by IPL but not yet recovered from ratepayers.
11 MERC also assumed responsibility for future investigation and remediation of costs at
12 the Austin Site. IPL retained responsibility for all of the remaining FMGP sites post-
13 acquisition.

14
15 Q. DID THE COMMISSION ADDRESS FMGP COSTS IN MERC’S LAST RATE CASE,
16 DOCKET NO. G011/GR-15-736?

17 A. Yes. In MERC’s last rate case, the Company proposed to recover (1) the value of the
18 FMGP regulatory asset acquired from IPL for FMGP costs incurred but not yet recovered
19 as of the date of the closing of the acquisition, and (2) MERC’s forecasted investigation
20 and remediation costs at the Austin Site for 2015 and 2016. In its Findings of Fact,
21 Conclusions, and Order in Docket No. G011/GR-15-736, the Commission approved
22 MERC’s recovery in rates of the FMGP Regulatory Asset acquired from IPL, as well as
23 FMGP remediation costs for the Austin Site through 2016. The Commission also

1 authorized MERC to continue to defer future FMGP cleanup costs for the Austin Site and
2 required that MERC's post-2014 FMGP cleanup costs be subject to prudence and
3 reasonableness in MERC's next rate case.¹ As a result, MERC is currently recovering
4 \$557,742 per year over five years for the FMGP Regulatory Asset acquired from IPL
5 plus MERC's Austin Site cleanup costs through December 31, 2016 (\$2,602,563 for the
6 FMGP Regulatory Asset plus \$186,147 for 2015 and 2016 Austin Site cleanup costs,
7 amortized over five years). 2017 is year two of the five-year amortization, so by the end
8 of 2017, MERC will have recovered \$1,115,484 of FMGP costs.

9
10 Q. CONSISTENT WITH THE COMMISSION'S ORDER IN THE COMPANY'S LAST
11 RATE CASE, IS MERC PRESENTING ITS POST-2014 FMGP CLEANUP COSTS
12 FOR COMMISSION REVIEW OF PRUDENCE AND REASONABLENESS IN THIS
13 RATE CASE?

14 A. Yes. Consistent with the Commission's Order in Docket No. G011/GR-15-736, MERC
15 is presenting evidence to support the prudence and reasonableness of the Company's
16 post-2014 (i.e., post-IPL acquisition) FMGP cleanup costs in this case. Because MERC
17 only assumed responsibility for ongoing investigation and remediation of the Austin Site,
18 the Company's costs are limited to investigation and remediation activities at that site.
19 MERC previously provided evidence to support the prudence and reasonableness of the
20 FMGP Regulatory Asset in Docket No. G011/GR-15-736.

21

¹ *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G011/GR-15-736, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 18 (Oct. 31, 2016).

1 Q. WHAT FMGP COSTS IS MERC PROPOSING TO RECOVER IN THIS CASE?

2 A. As discussed in the Direct Testimony of Seth DeMerritt, MERC is requesting approval to
3 recover its costs for investigation and remediation activities at the Austin Site for 2017
4 and 2018. MERC projects 2017 FMGP costs to be \$285,000. This amount includes a
5 supplemental characterization of the Cedar River (which runs adjacent to the Austin
6 Site), and associated remedial action alternative analysis. Additionally, MERC is also
7 planning a soil vapor assessment for the Austin Site in 2017. MERC estimates 2018
8 FMGP costs to be \$3.5 million which includes preparation of a remedial design and
9 performing a sediment cleanup in the Cedar River, as well as some additional
10 groundwater and soil cleanup.

11

12 Q. WHAT WAS THE STATUS OF THE AUSTIN SITE AT THE TIME MERC
13 ACQUIRED RESPONSIBILITY FOR THAT SITE FROM IPL?

14 A. When MERC acquired responsibility for the Austin Site on May 1, 2015, river sediment
15 needed to be investigated and potentially remediated. Additionally, a plume of dense
16 non-aqueous phase liquid (“DNAPL”) remained beneath a portion of the site, requiring
17 investigation and remediation. It was also anticipated that MERC may need to perform
18 soil gas sampling.

19

20 Prior to MERC’s assumption of responsibility, IPL performed site investigations of the
21 upland area and identified the central portion of the Austin Site as a source area for an
22 Interim Response Action, completed in 2008. Approximately 31,000 tons of FMGP
23 source material were excavated and thermally treated. Excavation was limited by the

1 depth to groundwater, leaving residual contamination at depth, below the water table.
2 Remedial investigation and interim response action had been completed for the onsite
3 portion of the Austin Site. A Response Action Work Plan submitted to the MPCA by
4 IPL in 2012 outlined the remaining activities for groundwater at the site, which consisted
5 of eight quarters of groundwater monitoring and institutional controls. The quarterly
6 monitoring program was completed; however, due to the presence of DNAPL, additional
7 activities were needed to recover the product and groundwater monitoring is continuing
8 on an annual basis. The initial sediment investigation conducted in 2013 identified a
9 general area of impacted sediment as well as an area of DNAPL in the Cedar River.
10 Investigations in the Cedar River were also performed and sediment samples were
11 collected in the top three feet of sediment. Sheening was evident on the river, adjacent to
12 the site, and coal tar was observed in the river. Exceedances of screening levels appeared
13 localized to the area adjacent to the former FMGP and in shallow sediment. Additional
14 work was anticipated to more fully define the extent of impacts in the Cedar River
15 adjacent to the site and remediate the areas of unacceptable risk.

16
17 Q. AT THE TIME MERC ACQUIRED RESPONSIBILITY FOR THE AUSTIN SITE,
18 WHAT WERE THE ESTIMATED COSTS TO COMPLETE THE SITE
19 INVESTIGATION AND REMEDIATION?

20 A. At the time MERC entered into the transaction with IPL, the future FMGP cleanup costs
21 for the Austin Site were estimated at between \$2.7 million and \$4.1 million. This range
22 of estimated costs was based on the amount IPL estimated remained for remediation

1 activities at the Austin Site as of year-end 2013, consistent with its MPCA-approved
2 plan, and the estimate MERC received based on its remediation plan.²

3
4 Q. WHAT HAS CHANGED SINCE MERC INHERITED THE AUSTIN SITE?

5 A. Additional upland investigations have refined the extent of impacts. The lateral and
6 vertical extents of FMGP contamination are greater than originally defined. The revised
7 vertical extent presents uncertainty with respect to the quality of deeper groundwater and
8 the Cedar River.

9
10 Additional investigation was performed in the Cedar River to depths corresponding to
11 coal tar observations in the upland. FMGP contamination was observed greater than
12 eight feet below the top of sediment (previously only investigated to three feet below the
13 top of sediment). Sediment impacts are greater than originally defined.

14
15 Q. BASED ON THESE ADDITIONAL INVESTIGATIONS, WHAT IS THE CURRENT
16 ESTIMATED COST OF REMEDIATION?

17 A. Based on what is currently known and expected, MERC estimates the cost to be
18 approximately \$7.55 million to complete remediation at the Austin Site. This would
19 include post-remediation groundwater monitoring for a period of 30 years.

20

² *In the Matter of a Request for Approval of the Asset Purchase & Sale Agreement Between Interstate Power and Light Co. and Minn. Energy Res. Corp.*, Docket No. G001,011/PA-14-107, RESPONSE TO COMMISSION ADDITIONAL QUESTIONS FOR JOINT PETITIONERS (June 25, 2014).

1 Q. HOW ACCURATE IS THIS ESTIMATE?

2 A. This is an estimate that is based on the information that the Company has available at the
3 time of filing this Direct Testimony. With respect to FMGP site investigation and
4 remediation, it is not uncommon for the costs to deviate from the initial estimate
5 primarily because the area of contamination is based on assumptions between data points
6 such as soil borings or groundwater monitoring wells. These data points provide a
7 relatively small snapshot of the subsurface, and the actual extent of contamination can
8 differ from the initial estimate. It is also not uncommon to uncover foundations or other
9 structures that were not known at the time the initial estimate was prepared. MERC
10 would adjust future rate recovery based on updated information and actual FMGP
11 cleanup costs.

12

13 Q. WHAT IS THE ANTICIPATED SCHEDULE TO COMPLETE REMEDIATION AT
14 THE AUSTIN SITE?

15 A. The Company estimates that remedial activities will be completed in 2020. This estimate
16 is contingent on timely approvals from the MPCA to implement the cleanup, availability
17 of qualified contractors, and that nothing unexpected is encountered during cleanup
18 activities. MERC will update the parties and the Commission during the course of this
19 proceeding regarding the status of MPCA review and MERC's plans for Austin Site
20 cleanup activities.

21

1 Q. WHAT WORK HAS BEEN COMPLETED AT THE AUSTIN SITE SINCE MERC
2 ASSUMED RESPONSIBILITY FOR THAT SITE ON MAY 1, 2015?

3 A. To date, MERC has prepared a Phase I Environmental Site Assessment and submitted an
4 application to enroll the site in the MPCA Remediation Program. In 2015 and 2016,
5 MERC developed work plans to investigate the site and collected soil, water, and soil gas
6 samples at the site. In late 2016 and throughout 2017, MERC has initiated activities
7 outlined in the work plan, which included completion of upland DNAPL delineation
8 borings, upland geotechnical borings, sediment investigation activities in the Cedar
9 River, and quarterly groundwater sampling. The laboratory data has been received and
10 validated

11
12 Q. WHAT EVIDENCE IS MERC PROVIDING TO SUPPORT THE REASONABLENESS
13 AND PRUDENCE OF COSTS FROM 2015 THROUGH THE FILING OF THIS
14 CASE?

15 A. Exhibit ___ (BFB-1) includes data to support the prudence and reasonableness of
16 MERC's costs related to the investigation and remediation of the Austin Site since
17 MERC acquired responsibility for that site on May 1, 2015, through September 30, 2017,
18 including a description of costs incurred and activities conducted, by month.

19
20 Exhibit ___ (BFB-3) is correspondence between MERC and the MPCA regarding
21 approval of the Austin Site remedial investigation work plan. MERC is performing work
22 and incurring associated costs in order to remain in compliance with the MPCA-approved

1 work plans. These exhibits support that MERC's costs at the Austin Site since 2015 are
2 reasonable and prudent.

3
4 Q. WHAT WORK IS MERC PLANNING TO COMPLETE IN THE REMAINDER OF
5 2017 AND IN 2018?

6 A. MERC will complete the groundwater sampling, assess potential data gaps, and prepare a
7 report that will outline the results of the remedial investigation implemented per the
8 MPCA-approved work plans. MERC will then develop a remedial strategy that will be
9 documented in a Remedial Action Work Plan ("RAWP") and will then be submitted to
10 the MPCA for review and approval. Remediation will commence following MPCA
11 approval of the RAWP and procurement of all necessary permits, agreements,
12 contractors, etc., anticipated to address FMGP contaminated sediment in the Cedar River
13 and soil between the previous excavation and Cedar River.

14
15 Q. WHAT EVIDENCE IS MERC PROVIDING TO SUPPORT THE REASONABLENESS
16 AND PRUDENCE OF PROJECTED COSTS AT THE AUSTIN SITE FOR THE
17 REMAINDER OF 2017 AND FOR THE TEST YEAR 2018?

18 A. Exhibit ___ (BFB-2) shows MERC's projected costs for the investigation and
19 remediation of the Austin Site, by year, including costs and work to be completed for the
20 remainder of 2017 (October 1, 2017 through December 31, 2017) and 2018, based on
21 currently available information and cost estimates. MERC is and will perform work and
22 incur associated costs in order to remain in compliance with the MPCA-approved work
23 plans and other required permits and agreements.

1

2 Q. DOES THE COMPANY HAVE ANY COST CONTROL MEASURES IN PLACE TO
3 CONTROL COSTS THAT ARE INCURRED DUE TO MERC'S POLICY TO FULLY
4 COMPLY WITH ENVIRONMENTAL LAWS AND REGULATIONS?

5 A. It is MERC's policy to control such costs to the fullest possible extent. Because of this
6 policy to control costs, MERC will make expenditures only when it is determined to be
7 prudent to do so and such costs are incurred in accordance with MPCA processes and
8 approved plans.

9

10

III. CONCLUSION

11 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

12 A. Yes, it does.

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of Interstate Power and Light
Company's Annual Filing Related to Deferral
of and Recovery of Expenses Associated
with Former Manufactured Gas Plants

Docket No. G001/M-06-1166

In the Matter of a Request for Approval of
the Asset Purchase and Sale Agreement
Between Interstate Power and Light
Company and Minnesota Energy Resources
Corporation

Docket No. G001,011/PA-14-107

INTRODUCTION

Minnesota Energy Resources Corporation ("MERC" or the "Company") submits this 2015 Annual Former Manufactured Gas Plant ("FMGP") Compliance Report to the Minnesota Public Utilities Commission ("Commission") in compliance with the Commission's December 8, 2014 Order Approving Sale Subject to Conditions in Docket No. G001,011/PA-14-107.

In Docket No. G001/011/PA-14-107, the Commission approved MERC's acquisition of Interstate Power and Light Company's ("IPL") Minnesota natural gas customers and assets, including the transfer of approximately \$2,600,000 incurred and unrecovered FMGP costs as a regulatory asset and MERC's assumption of responsibility for remediation at the Austin FMGP site. MERC also agreed to continue to submit annual compliance filings in the FMGP remediation docket, Docket No. G001/M-06-1166.

In its April 13, 1995 Order Allowing Deferral of Costs and Requiring Filings in Docket No. G-001/M-94-633, the Commission ordered:

On or before May 1, 1996, and annually by May 1 thereafter, Interstate shall file an analysis of the Miscellaneous Deferred Debits Account, which includes the amount of its expenditures for MGP cleanup activities for the prior calendar year. The annual report shall explain and show the types of costs by site

sub account and what amounts were recovered from insurance companies and other parties. Interstate shall prepare a schedule detailing planned or anticipated further activities for insurance and third party recovery of costs extending in time to when Interstate expects all remediation to be complete, suits resolved, and all cost recovery efforts completed.

The transaction between MERC and IPL closed on April 30, 2015 and IPL's customers were transferred to MERC effective May 1, 2015. MERC also assumed responsibility for any further remediation and monitoring at the Austin FMGP site effective May 1, 2015. Therefore, this annual report covers MERC's activities at the Austin FMGP site for the period May 1, 2015 through December 31, 2015. Additionally, this report covers IPL's activities at the remaining FMGP sites for the period January 1, 2015 through April 30, 2015.

Because IPL customers were transitioned to MERC's rates and tariffs, with the exception of customer charges and purchased gas adjustment charges, MERC did not recover any amounts related to the FMGP regulatory asset or costs for remediation work that was assumed at the Austin FMGP site during 2015.

Included with this filing are the following attachments:

- | | |
|---------------|--|
| Attachment A: | Calculation of the price MERC paid for the FMGP regulatory asset from IPL. |
| Attachment B: | MERC expenditures related to Austin FMGP site (May 1, 2015-December 31, 2015). |
| Attachment C: | Summaries of MERC activities conducted at Austin FMGP site (May 1, 2015-December 31, 2015). |
| Attachment D: | IPL expenditures related to Rochester, Albert Lea, Owatonna, New Ulm, Fairmont, and Austin FMGP sites (January 1, 2015-April 30, 2015). |
| Attachment E: | Summaries of IPL activities conducted at Rochester, Albert Lea, Owatonna, New Ulm, and Austin FMGP sites (January 1, 2015-April 30, 2015). |

Consistent with IPL's historic reporting on FMGP site activity and expenditures, Attachment B reflects expenditures in the following categories:

- "RI" includes general expenses related to Minnesota Pollution Control Agency ("MPCA") required remediation investigation activities conducted at the site, such as soil and groundwater samplings and analysis.

- “Cleanup” relates to MPCA required remediation activities.
- “Legal” relates to work provided by law firms in relation to FMGP remediation activities.
- “Other” refers to the expenses MERC has incurred related to external consultants’ work (i.e., reporting, etc.).

Previously, IPL has reported on its recoveries from insurance carriers and other third parties related to FMGP remediation costs. Because MERC acquired responsibility for ongoing remediation of the Austin FMGP site from IPL, MERC does not have any available insurance coverage that could apply to this liability. Additionally, with respect to potentially responsible third parties, MERC is not aware of any other operators who could have responsibility with respect to ongoing remediation of the Austin FMGP site.

Description	Amount at 04/30/15
1. Value of the FMGP Regualtory Asset	\$ 13,189,838.95
2. Value of FMGP investigate and remidation liability	\$ (8,562,966.23)
3. Value of FMGP insurance proceeds	\$ (2,024,307.97)
4. FMGP Regualtory Asset Price (1+2+3)	\$ 2,602,564.76

**IPL MN MGP Regulatory Asset
As of 04/30/2015**

	MN MGP Expenditures Incurred By Year	MN MGP Rate Recoveries By Year (1)	MN MGP Insurance Proceeds	Net Under-Recovered MN MGP Costs
			\$ (2,217,897.89)	\$ (2,217,897.89)
1998	\$ 78,742.00	\$ (494,017.00)	\$ 26,589.70	\$ (388,685.30)
1999	\$ 36,328.50	\$ (494,017.32)	\$ (213,503.39)	\$ (671,192.21)
2000	\$ 163,978.00	\$ (494,017.32)	\$ 90,166.68	\$ (239,872.65)
2001	\$ 265,128.00	\$ (494,017.32)	\$ 304,902.16	\$ 76,012.84
2002	\$ 336,735.00	\$ (494,016.99)	\$ -	\$ (157,281.99)
2003	\$ 550,480.00	\$ (494,017.32)	\$ -	\$ 56,462.68
2004	\$ 466,257.65	\$ (494,017.32)	\$ (1,867.59)	\$ (29,627.26)
2005	\$ 550,819.79	\$ (494,017.32)	\$ -	\$ 56,802.47
2006	\$ 1,221,015.46	\$ (494,017.32)	\$ (1,740.09)	\$ 725,258.05
2007	\$ 1,867,307.09	\$ (494,017.32)	\$ -	\$ 1,373,289.77
2008	\$ 4,106,129.98	\$ (494,017.32)	\$ -	\$ 3,612,112.66
2009	\$ 281,649.97	\$ (494,017.32)	\$ (4,712.79)	\$ (217,080.14)
2010	\$ 273,270.77	\$ (494,017.32)	\$ (987.71)	\$ (221,734.26)
2011	\$ 509,008.22	\$ (494,017.32)	\$ (2,416.43)	\$ 12,574.47
2012	\$ 1,326,405.50	\$ (494,017.32)	\$ (2,235.49)	\$ 830,152.69
2013	\$ 487,748.97	\$ (494,017.32)	\$ -	\$ (6,268.35)
2014	\$ 573,327.20	\$ (494,017.32)	\$ (605.12)	\$ 78,704.76
Apr-15	\$ 95,506.85	\$ (164,672.44)	\$ -	\$ (69,165.59)
	\$ 13,189,838.95	\$ (8,562,966.23)	\$ (2,024,307.97)	\$ 2,602,564.76

(1) - MGP Recoveries in rates is \$494,017.32 per year

IPL MN MGP Regulatory Asset
As of 04/30/2015

	MN MGP Expenditures Incurred By Year	MN MGP Rate Recoveries By Year (1)	MN MGP Insurance Proceeds	Net Under-Recovered MN MGP Costs
1998	\$ 78,742.00	\$ (494,017.00)	\$ (2,217,897.89)	\$ (2,217,897.89)
1999	\$ 36,328.50	\$ (494,017.32)	\$ 26,589.70	\$ (388,685.30)
2000	\$ 163,978.00	\$ (494,017.32)	\$ (213,503.39)	\$ (671,192.21)
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2011	\$ 509,008.22	\$ (494,017.32)	\$ (987.71)	\$ (221,734.26)
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2013	\$ 487,748.97	\$ (494,017.32)	\$ (2,235.49)	\$ 830,152.69
2014	\$ 573,327.20	\$ (494,017.32)	\$ -	\$ (6,268.35)
Apr-15	\$ 95,506.85	\$ (164,672.44)	\$ (605.12)	\$ 78,704.76
	<u>\$ 13,189,838.95</u>	<u>\$ (8,562,966.23)</u>	<u>\$ (2,024,307.97)</u>	<u>\$ 2,602,564.76</u>

(1) - MGP Recoveries in rates is \$494,017.32 per year

Reconciliation to May 1, 2015 Compliance filing

Add: Pre-1998 costs not on IPL books as regulatory asset

1994	\$ 3,556,072.00
1995	\$ 2,708,586.00
1996	\$ 294,044.00
1997	\$ 309,063.00

Adjustments between filing costs and promissory note costs (See Note 1)

2007	\$ 33,374.91
2010	\$ 5,299.23
2011	\$ 6,588.78

Subtract: Jan - April 2015 (not yet in filing)

2015	\$ (95,506.85)
------	----------------

Other

82.98	20.00
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Add: 2009 - 2014 Insurance

Proceeds Not Included in Compliance Filing

\$ 10,957.54

Total Compliance Filing

\$ 20,007,443.00 (See Note 2) \$ (2,013,330.43)

Note 1: Promissory Note amounts are lower than Compliance Filing; 2010 variance is internal labor included in the filing and should not have been.

Note 2: Promissory Note calculated with only post 1997 recoveries. IPL accounted for insurance recoveries in regulatory liability accounts.

Minnesota Energy Resources Corporation

Deferred Cash Outlays

<u>Year/Month</u>	<u>Cost Category</u>	<u>Austin Plant</u>
Jul-15	RI: Cleanup: Legal: Other:	\$ 4,907
Aug-15	RI: Cleanup: Legal: Other:	\$ 894 \$ 4,280
Sep-15	RI: Cleanup: Legal: Other:	\$ 585
Oct-15	RI: Cleanup: Legal: Other:	\$ 77
Nov-15	RI: Cleanup: Legal: Other:	\$ 631 \$ 2,153
Dec-15	RI: Cleanup: Legal: Other:	\$ 419 \$ 17,217
	2015 Total:	\$ 31,164
	RI: Cleanup: Legal: Other:	\$ 1,944 \$ 29,220
	2015 Totals:	\$ 31,164

Minnesota Energy Resources Corporation

Deferred Cash Outlays

<u>Year</u>	<u>Cost Category</u>	<u>Austin Plant</u>
2015	RI:	
	Cleanup:	
	Legal:	\$ 1,944
	Other:	\$ 29,220
	2015 Totals:	<hr/> \$ 31,164

Minnesota Energy Resources Corporation
MGP Costs and Recoveries

<u>Line No.</u>		(a) MGP Costs	(b) Total Insurance Recoveries	(c) Litigation Expenses	(d) Net Insurance Recoveries	(e) Costs less Ins. Recoveries
1	2015	\$ 31,164				\$ 31,164

Minnesota Energy Resources Corporation

Deferred Cash Outlays

<u>Year/Month</u>	<u>Cost Category</u>	<u>Austin Plant</u>	<u>Description of Other Costs</u>
Jul-15	RI: Cleanup: Legal: Other:	\$ 4,907	Services provided by Natural Resource Technology, Inc.-Environmental Liability Assessment
Aug-15	RI: Cleanup: Legal: Other:	\$ 894 \$ 4,280	Services provided by Natural Resource Technology, Inc.-Phase 1 ESA Update
Sep-15	RI: Cleanup: Legal: Other:	\$ 585	Services provided by Natural Resource Technology, Inc.-Phase 1 ESA Update
Oct-15	RI: Cleanup: Legal: Other:	\$ 77	Services provided by Natural Resource Technology, Inc.-Environmental Liability Assessment
Nov-15	RI: Cleanup: Legal: Other:	\$ 631 \$ 2,153	Services provided by Natural Resource Technology, Inc.-Phase 1 ESA Update & Phase 2 Investigation Work Plan
Dec-15	RI: Cleanup: Legal: Other:	\$ 419 \$ 17,217	Services provided by Natural Resource Technology, Inc.- Environmental Liability Assessment; Previous Consultant/Owner Data Review & Phase 2 Investigation Work Plan
	2015 Total:	\$ 31,164	
	RI: Cleanup: Legal: Other:	\$ 1,944 \$ 29,220	
	2015 Totals:	\$ 31,164	

Attachment C

Summaries of MERC Activities Conducted at the Austin Former Manufactured Gas Plant Site May 1, 2015 – December 31, 2015

Austin FMGP Site

MERC assumed liability for the Austin FMGP site on May 1, 2015. The remainder of the year was spent enrolling the site in the Minnesota Pollution Control Agency (MPCA) Voluntary Investigation and Cleanup (VIC) Program, establishing a cost model for SEC liability disclosure, and processing of the annual monitoring well permit renewals. Monthly activities beginning in May 2015 are summarized below:

May

No activities.

June

No activities.

July

In July, a site visit was conducted to support the development of a Phase I Environmental Site Assessment which was required by MPCA in order to enroll the site in the VIC Program. Drafting of the Phase I was initiated following the site visit.

August

In August, the Phase I was completed and submitted to MPCA.

September

In September, MERC performed a review of the VIC Program requirements and conducted a review of the previous data and reports prepared for the site.

October

In October, MERC began work on the cost model for SEC reporting.

November

In November, MERC continued working on the cost model for SEC reporting and also initiated a Phase II Site Investigation Work Plan.

December

MERC completed the initial draft of the Phase II Site Investigation Work Plan and submitted it to MPCA for review. The cost model for SEC reporting was also ongoing in December.

Austin Site Environmental Investigation/Remediation Current Status

The remedial investigation and interim response action have been completed for the onsite portion of the Austin site. The Response Action Work Plan submitted to the MPCA in 2012 outlined the remaining activities for groundwater at the site, which consisted of eight quarters of groundwater monitoring and institutional controls. The quarterly monitoring program has been completed however, due to the presence of dense non aqueous phase liquid (DNAPL), additional activities are needed to recover the product. A Phase II Site Investigation Work Plan has been prepared to further delineate the DNAPL and address other data gaps for the site.

<u>2015</u>	<u>2015</u>	<u>Albert Lea</u>	<u>Austin</u>	<u>Owatonna</u>	
January	RI:				
	Cleanup:	\$5,848	\$3,909	\$10,387	
	Legal:				
	Other:				
	General (All)	\$250		Total	\$20,394
February	RI:				
	Cleanup:	\$9,865	\$2,749	\$5,230	
	Legal:				
	Other:				
	General (All)	\$5,263		Total	\$23,107
March	RI:				
	Cleanup:	\$2,739	\$4,660	\$15,107	
	Legal:				
	Other:				
	General (All)	\$0		Total	\$22,506
April	RI:				
	Cleanup:	\$2,528	\$1,250	\$25,347	
	Legal:				
	Other:				
	General (All)	\$375		Total	<u>\$29,500</u>
					<u>\$95,507</u>

Attachment E
Interstate Power and Light Company
January – April 2015 Activity Summary
Minnesota Manufactured Gas Plant Sites

Summaries of the major activities conducted January through April 2015 at the Interstate Power and Light Company (IPL) manufactured gas plant sites in Minnesota are provided below.

Albert Lea

Site investigation and removal of accessible source material are complete at the Albert Lea site. Exposures risks due to residual impacts have been determined and a response action plan developed and approved by the MPCA. A two-year quarterly groundwater monitoring began in March 2013 and was completed in December 2014 to evaluate the effects of the removal action on groundwater concentrations. Continued annual monitoring is being conducted to document any additional changes. Institutional controls in the form of an Affidavit for Real Property Contaminated with Hazardous Substances will be required for the central and southern portions of the site to address residual impacts. Monthly activities for January through April 2015 for the site are summarized below:

January

In January, MWH (IPL Consultant) validated and tabulated the analytical results from the fourth quarter 2014 groundwater monitoring event and began to prepare a report summarizing the quarterly groundwater monitoring. Other activities included completing the annual update of the site cost model and text summary for material changes for work completed in 2014. IPL also completed cost model inflation adjustments and prepared text summaries following the material changes.

February

MWH continued to prepare a draft groundwater monitoring summary report for the quarterly monitoring conducted in 2014. MWH also began to prepare an Affidavit for Real Property Contaminated with Hazardous Substances for the central and southern parcels. Inflation adjustments to the annual cost model update were reviewed and the final model submitted to Black and Veatch for final review and incorporation in the overall report. WMH also set up a task order with the laboratory for analysis of groundwater samples for the annual monitoring to be conducted later in the year.

March

In March, MWH completed the draft groundwater monitoring report for the quarterly monitoring and submitted it to IPL for review. MWH also continued to prepare an Affidavit for Real Property Contaminated with Hazardous Substances for the central and southern parcels.

April

In April, a month-by-month activity summary was prepared for the annual MPUC submittal, and the draft Affidavits for Real Property Contaminated with Hazardous Substances for the central and southern parcels were completed.

Austin

The remedial investigation and interim response action have been completed for the on-site portion of the Austin site. The Response Action Work Plan submitted to the MPCA in 2012 outlined the remaining activities for groundwater at the site, which consisted of eight quarters of groundwater monitoring and institutional controls. The quarterly monitoring program has been completed, however, due to the presence of DNAPL, additional activities are needed to recover the product and groundwater monitoring is continuing on an annual basis.

An initial sediment investigation conducted in 2013 identified a general area of impacted sediment as well as an area of DNAPL in the Cedar River. Additional work will be required to more fully define the extent of impacts in the Cedar River adjacent to the site and remediate the areas of unacceptable risk. Monthly activities conducted from January through April 2015 are summarized below:

January

In January 2015, MWH finalized the technical memorandum summarizing the results of the annual groundwater monitoring and submitted it to the MPCA. Other activities included completing the annual update of the site cost model and text summary for material changes for work completed in 2014. MWH also completed the cost model inflation adjustments and prepared text summaries following the material changes.

February

Inflation adjustments to the annual cost model update were reviewed and the final model submitted to Black and Veatch for final review and incorporation in

the overall report. MWH also gauged DNAPL in MW-9 and the DNAPL recovery well and processed travel and equipment charges.

March

In March, IPL and MWH participated in a site transition meeting with Integry and the MPCA to discuss the status of the site, recent investigation activities, and recent reports. MWH also gauged DNAPL in MW-9 and the DNAPL recovery well and processed travel and equipment charges. .

April

In April, a well disclosure statement for the IPL-owned property was prepared for the transfer of the property, and a month-by-month activity summary was prepared for the annual MPUC submittal.

Owatonna

The site assessment is complete and the results have been summarized in a comprehensive remedial investigation and risk evaluation report submitted to the MPCA. Based on the findings of the remedial investigation, a Response Action Plan was prepared and approved by the MPCA. Activities to be completed under the Response Action Plan include eight quarters of groundwater monitoring to demonstrate stable or declining contaminant concentrations in groundwater, abandonment of the two deep industrial water supply wells at the site, and preparation of institutional controls to restrict potential exposures to residual impacts. Well abandonment was completed in 2014. The groundwater monitoring program will be completed in the third quarter of 2015 and IPL will work toward implementing the institutional controls in 2015. Further investigation and recovery or control of DNAPL on the site will likely be required before site closure can be considered. Monthly activities for January through April 2015 are summarized below:

January

MWH validated and tabulated the analytical results from the fourth quarter 2014 groundwater monitoring event. MWH also submitted copies of the well sealing forms for abandonment of the two deep water supply wells at the site to the MPCA. During January, IPL received a letter from the Minnesota Department of Health (MDH) requesting a plan to locate and evaluate two additional water supply wells reportedly located on the site. The location of one of the wells is known; however, no information is known regarding the potential location of a second well. MWH began to develop plans and discussed the request with the site owner.

Other activities included completing the annual update of the site cost model and text summary for material changes for work completed in 2014. MWH also completed the cost model inflation adjustments and prepared text summaries following the material changes.

February

The plan to try to locate and evaluate the two additional water wells potentially located on the site was further discussed with the site owner, and work they had already completed to locate the wells was summarized and incorporated in the plan. The plan was then finalized and submitted to the MDH.

The first quarter 2015 groundwater monitoring event was scheduled and MWH coordinated with the laboratory and set up a task order. MWH also requested quotes for demolition of the former pump house at the site from two contractors. In addition, the inflation adjustments to the annual cost model update were reviewed and the final model submitted to Black and Veatch for final review and incorporation in the overall report.

March

In March, the first quarter 2015 groundwater monitoring event was completed. Sampling and analysis were conducted in accordance with the Response Action Work Plan. Related activities included processing travel and equipment charges for the sampling event.

MWH participated in a detailed tour and inspection with site personnel to try to locate the "missing" former water supply well. Several holes were drilled in the concrete cap on the known well to assess the thickness of the cap.

Other activities included requesting revised quotes for demolition of the pump house to include an asbestos survey, and collection of a demolition material sample for analysis of lead content.

April

In April, the results of the first quarter 2015 groundwater monitoring event were received and validated, and the water level data was reduced and potentiometric surface maps created. The laboratory invoices for the groundwater samples and the demolition material sample were processed as well as travel and equipment charges for the monitoring event.

MWH also developed additional plans for assessment of the known former water supply well, and additional discussions were held with the site owner regarding demolition of the former pump house. A month-by-month activity summary was prepared for the annual MPUC submittal.

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

Nancy Lange
Dan Lipschultz
Matt Schuerger
Katie Sieben
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Interstate Power and Light
Company's Annual Filing Related to
Deferral of and Recovery of Expenses
Associated with Former Manufactured Gas
Plants

Docket No. G001/M-06-1166

In the Matter of a Request for Approval of
the Asset Purchase and Sale Agreement
Between Interstate Power and Light
Company and Minnesota Energy
Resources Corporation

Docket No. G001,011/PA-14-107

INTRODUCTION

Minnesota Energy Resources Corporation ("MERC" or the "Company") submits this 2016 Annual Former Manufactured Gas Plant ("FMGP") Compliance Report to the Minnesota Public Utilities Commission ("Commission") in compliance with the Commission's December 8, 2014, Order Approving Sale Subject to Conditions in Docket No. G001,011/PA-14-107.

In Docket No. G001,011/PA-14-107, the Commission approved MERC's acquisition of Interstate Power and Light Company's ("IPL") Minnesota natural gas customers and assets, including the transfer of approximately \$2.6 million incurred and unrecovered FMGP costs as a regulatory asset and MERC's assumption of responsibility for remediation at the Austin FMGP site. MERC also agreed to continue to submit annual compliance filings in the FMGP remediation docket, Docket No. G001/M-06-1166.

In its April 13, 1995, Order Allowing Deferral of Costs and Requiring Filings in Docket No. G001/M-94-633, the Commission ordered:

On or before May 1, 1996, and annually by May 1 thereafter, Interstate shall file an analysis of the Miscellaneous Deferred Debits Account, which includes the amount of its expenditures for MGP cleanup activities for the prior calendar year. The annual report shall explain and show the types of costs by site subaccount and what amounts were recovered from insurance companies and other parties.

Interstate shall prepare a schedule detailing planned or anticipated further activities for insurance and third party recovery of costs extending in time to when Interstate expects all remediations to be complete, suits resolved, and all cost recovery efforts completed.

The transaction between MERC and IPL closed on April 30, 2015, and IPL's customers were transferred to MERC effective May 1, 2015. MERC also assumed responsibility for any further remediation and monitoring at the Austin FMGP site effective May 1, 2015.

On May 2, 2016, MERC submitted an annual report covering MERC's activities at the Austin FMGP site for the period May 1, 2015, through December 31, 2015. The 2015 Annual Report also covered IPL's activities at the remaining FMGP sites for the period January 1, 2015, through April 30, 2015. Because MERC did not assume responsibility for and is not involved in the activities at the other FMGP sites (Rochester, Albert Lea, New Ulm, and Owatonna), this 2016 annual report accounts only for MERC's spending at the Austin FMGP site for the period January 1, 2016, through December 31, 2016.

Included with this filing are the following attachments:

- Attachment A: MERC expenditures related to Austin FMGP site (January 1, 2016 – December 31, 2016)
- Attachment B: MERC FMGP costs and recoveries (January 1, 2016 – December 31, 2016); this attachment includes the recoveries for 2016 approved by the Commission in Docket No. G011/GR-15-736 and the FMGP Note owing to IPL for past FMGP cleanup costs
- Attachment C: Summaries of MERC activities conducted at the Austin FMGP site (January 1, 2016 – December 31, 2016)

Consistent with IPL's historic reporting on FMGP site activity and expenditures, Attachment A reflects expenditures in the following categories:

- "RI" includes general expenses related to Minnesota Pollution Control Agency ("MPCA") required remediation investigation activities conducted at the site, such as soil and groundwater samplings and analysis.
- "Cleanup" relates to MPCA required remediation activities.
- "Legal" relates to work provided by law firms in relation to FMGP remediation activities.

- “Other” refers to the expenses MERC has incurred related to external consultants’ work (i.e., reporting, etc.).

Previously, IPL has reported on its recoveries from insurance carriers and other third parties related to FMGP remediation costs. Because MERC acquired responsibility for ongoing remediation of the Austin FMGP site from IPL, MERC does not have any available insurance coverage that could apply to this liability. Additionally, with respect to potentially responsible third parties, MERC is not aware of any other operators who could have responsibility with respect to ongoing remediation of the Austin FMGP site.

CONCLUSION

MERC respectfully requests the Commission accept this compliance filing.

Dated: May 1, 2017

Respectfully submitted,

BRIGGS AND MORGAN, P.A.

By: /s/ Kristin M. Stastny
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Attorney for Minnesota Energy
Resources Corporation

ATTACHMENT A

Minnesota Energy Resources Corporation

Deferred Cash Outlays

<u>Year/Month</u>	<u>Cost Category</u>	<u>Austin Plant</u>	<u>Description of Other Costs</u>
Jan-16	RI: Cleanup: Legal: Other:	\$ 6,005	Year end Environmental Liability Assessment, and Data Review from Natural Resource Technology Inc. Monitoring Maintenance Permit from the Minnesota Department of Health
Feb-16	RI: Cleanup: Legal: Other:	\$ 1,020	Data Review from Natural Resource Technology Inc.
Mar-16	RI: Cleanup: Legal: Other:	\$ 530	Environmental Liability Assessments from Natural Resource Technology Inc.
Apr-16	RI: Cleanup: Legal: Other:	\$ 2,417	Project Administration and 1st Qtr Environmental Liability Assessments from Natural Resource Technology Inc. Well maintenance permit from the Minnesota Department of Health.
May-16	RI: Cleanup: Legal: Other:	\$ 3,107	Project Administration and Environmental Liability Estimate from Natural Resource Technology Inc.
Jun-16	RI: Cleanup: Legal: Other:	\$ 2,003	Project Administration and Environmental Liability Estimate from Natural Resource Technology Inc.
Jul-16	RI: Cleanup: Legal: Other:	\$ 5,155	Quality Assurance Project Plan and 2nd Qtr Environmental Liability from Natural Resource Technology Inc.
Aug-16	RI: Cleanup: Legal: Other:	\$ 7,406	Data Review and Subcontractor Procurement from Natural Resource Technology Inc.
Sep-16	RI: Cleanup: Legal: Other:	\$ 6,514	Quality Assurance Project Plan from Natural Resource Technology Inc.

Oct-16	RI: Cleanup: Legal: Other:	\$ 4,614	Quality Assurance Project Plan, Subcontractor Procurement, and 3rd Qtr Environmental Liability from Natural Resource Technology Inc.
Nov-16	RI: Cleanup: Legal: Other:	\$ 20,471	Quality Assurance Project Plan, Subcontractor Procurement, and Environmental Liability Estimate from Natural Resource Technology Inc. Soil Borings by Raimonde Drilling Corp.
Dec-16	RI: Cleanup: Legal: Other:	\$ 67,425	Quality Assurance Project Plan, Subcontractor Procurement, and Environmental Liability Estimate from Natural Resource Technology Inc. Soil Borings by Raimonde Drilling Corp. Environmental Testing by Pace Analytical Services Inc. Waste Disposal by Covanta Environmental Solutions.
	2016 Total:	<hr/> \$ 126,666	
	RI: Cleanup: Legal: Other:	\$ 126,666	
	2016 Totals:	<hr/> \$ 126,666	

Minnesota Energy Resources Corporation

Deferred Cash Outlays

<u>Year</u>	<u>Cost Category</u>	<u>Austin Plant</u>
2016	RI:	\$ 126,666
	Cleanup:	
	Legal:	
	Other:	
	2016 Totals:	<hr/> \$ 126,666

Minnesota Energy Resources Corporation
MGP Costs and Recoveries

<u>Line No.</u>		(a) MGP Costs	(b) Total Insurance Recoveries	(c) Litigation Expenses	(d) Net Insurance Recoveries	(e) Costs less Ins. Recoveries
1	2016	\$ 126,666				\$ 126,666

ATTACHMENT B

<u>Line No.</u>	<u>FMGP Note</u>	<u>Expenses</u>	<u>Recoveries</u>	<u>Costs less Recoveries</u>
1	2015	\$ 2,602,565.00	\$ 31,163.91	\$ 2,633,728.91
2	2016	<u>\$ 126,666.07</u>	<u>\$ 557,742.00</u> *	<u>\$ (431,075.93)</u>
3		<u>\$ 2,602,565.00</u>	<u>\$ 557,742.00</u>	<u>\$ 2,202,652.98</u>

*Reflects the rate recovery approved by the Commission in Docket No. G011/GR-15-736 effective January 1, 2016

Attachment C

Summaries of MERC Activities Conducted at the Austin Former Manufactured Gas Plant Site January 1, 2016 – December 31, 2016

Austin FMGP Site

Phase II Site Investigation Work Plan was finalized by MERC and approved by the Minnesota Pollution Control Agency (“MPCA”) in the summer of 2016. Following approval, MERC submitted a Quality Assurance Project Plan (“QAPP”) that was approved in the fall of 2016. MERC began investigation activities outlined in the Phase II Investigation Work Plan in November of 2016.

January

Received and reviewed previously-collected analytical data for Site evaluation.

February

No activities.

March

Comments from the MPCA were received on March 4, 2016, for the Phase II Investigation Work Plan – Revision 0. A call was held between MERC and the MPCA on March 28, 2016, to discuss the comments.

April

Reviewed and addressed MPCA comments on the Phase II Investigation Work Plan – Revision 0.

May

Revision 1 of the Phase II Investigation Work Plan was completed and submitted to the MPCA on May 13, 2017.

June

Via email, the MPCA approved the Phase II Investigation Work Plan – Revision 1 on June 10, 2016. Initiated drafting QAPP – Revision 0.

July

Continued working on the QAPP – Revision 0. Drafted a request for quote (“RFQ”) for services outlined in the Phase II Investigation Work Plan – Revision 1.

August

Completed QAPP – Revision 0. Finalized RFQ for Site investigation activities. Reviewed historical data in preparation for Site investigation.

September

On September 1, 2016, QAPP – Revision 0 was submitted to the MPCA. The MPCA provided comments on the QAPP – Revision 0 on September 26, 2016, and MERC began addressing the comments. Coordination with subcontractors and laboratories for upcoming Site investigation activities.

October

MERC submitted QAPP – Revision 1 to the MPCA on October 21, 2016. Continued coordination and planning with subcontractors and laboratories for upcoming Site investigation activities.

November

The MPCA approved QAPP – Revision 1 on November 3, 2016. During the week of November 14th, upland soil investigation activities and the 1st quarter of groundwater sampling event were completed. Additional rounds of groundwater sampling (3), soil vapor investigation, and sediment investigation in the Cedar River are planned for 2017.

December

Received and reviewed analytical results from Site investigation activities. Drafted boring logs from subsurface soil investigation.

Austin Site Environmental Investigation/Remediation Current Status

An interim response action has been completed for the onsite portion of the Austin site as summarized in the Response Action Work Plan submitted to the MPCA in 2012. The plan outlined the remaining activities for groundwater at the site, which consisted of eight quarters of groundwater monitoring and institutional controls. The quarterly monitoring program identified the presence of dense non-aqueous phase liquid (DNAPL). A Phase II Site Investigation Work Plan was submitted to the MPCA and investigation activities were initiated in November of 2016. Investigation is currently ongoing.

Summaries of MERC Activities Conducted at the Austin Former Manufactured Gas Plant Site May 1, 2015 – September 30, 2017

Austin FMGP Site

MERC assumed liability for the Austin former Manufactured Gas Plant (FMGP) site on May 1, 2015. The remainder of the year was spent enrolling the site in the Minnesota Pollution Control Agency (MPCA) remediation program, establishing a cost model for security and exchange (SEC) liability disclosure, and processing of the annual monitoring well permit renewals. Investigation documents were drafted and submitted to the MPCA in 2016 and investigation activities were initiated in November 2016. Investigation activities continued in 2017, including additional groundwater sampling and sediment investigation in the Cedar River. Monthly activities beginning in May 2015 are summarized below:

May (2015)

No activities.

June (2015)

No activities.

July (2015)

In July, a site visit was conducted to support the development of a Phase I Environmental Site Assessment which was required by MPCA in order to enroll the site in the MPCA Program. Drafting of the Phase I was initiated following the site visit.

August (2015)

In August, the Phase I was completed and submitted to MPCA.

September (2015)

In September, MERC performed a review of the VIC Program requirements and conducted a review of the previous data and reports prepared for the site.

October (2015)

In October, MERC began work on the cost model for SEC reporting.

November (2015)

In November, MERC continued working on the cost model for SEC reporting and also initiated a Phase II Site Investigation Work Plan.

December (2015)

MERC completed the initial draft of the Phase II Site Investigation Work Plan and submitted it to MPCA for review. The cost model for SEC reporting was also ongoing in December.

January (2016)

Planning was initiated for the activities outlined in the Phase II Investigation Work Plan. Data from previous investigation was reviewed and pertinent data was uploaded into a database. The 2015 year-end SEC reporting was finalized in January.

February (2016)

Planning for the activities outlined in the Phase II Investigation Work Plan continued. Additional pertinent data previously collected at the Site was screened and uploaded into a database.

March (2016)

Comments from the MPCA were provided to MERC on the Phase II Investigation Work Plan submitted in December 2015. Review of the comments was initiated.

April (2016)

Continued review of the comments received from the MPCA (March 2016) on the Phase II Investigation Work Plan and prepared a response to comments.

May (2016)

Phase II Investigation Work Plan – Revision 1 was submitted to the MPCA. Initiated identification of contractors for the activities outlined in the Phase II Investigation Work Plan.

June (2016)

A Quality Assurance Project Plan (QAPP) was initiated to accompany the Phase II Investigation Work Plan for Site investigation activities. General preparations continued for the activities outlined in the Phase II Investigation Work Plan.

July (2016)

Continued drafting a QAPP for Site investigation activities. Drafted a request for quote (RFQ) and sent out to contractors for Site investigation activities.

August (2016)

Submitted the QAPP to the MPCA. Coordinated with analytical laboratories and potential contractors regarding Site investigation activities.

September (2016)

Received and reviewed MPCA comments on the QAPP – Revision 0. Coordinated with the drilling subcontractor, analytical laboratory, and geotechnical laboratory for Site investigation activities.

October (2016)

Submitted QAPP – Revision 1 to the MPCA. Continued coordination for Site investigation activities.

November (2016)

Initiated activities outlined in the Phase II Investigation Work Plan – Revision 1. Completed upland dense non-aqueous phase liquid (DNAPL) delineation borings, upland geotechnical borings, and the first round of groundwater sampling. Evaluated methods for advancing sediment borings.

December (2016)

Data and file preparation/management from Site investigation activities.

January (2017)

Received analytical data from Site investigation activities. Performed data validation on the analytical data and finalized non-analytical data from Site investigation activities.

February (2017)

Validated data from Site investigation activities performed in November 2016 was uploaded into a database. Figures, illustrating the November 2016 findings, were developed.

March (2017)

Completed the 2017 1st quarter groundwater monitoring event. Completed an upland DNAPL extent evaluation using the November 2016 Site data.

April (2017)

Performed data validation on the 2017 1st quarter groundwater monitoring analytical results. Planning was initiated for investigation activities in Cedar River and drafted an RFQ.

May (2017)

Planning activities continued for investigation activities in the Cedar River. Contracted with a drilling contractor for sediment investigation activities. Completed the 2017 2nd quarter groundwater monitoring event.

June (2017)

Prepared for and completed investigation activities in Cedar River outlined in the Phase II Investigation Work Plan.

July (2017)

Performed data gap analysis, relating upland investigation to the Cedar River investigation completed in June 2017. Performed data validation on the 2017 2nd quarter groundwater monitoring analytical results.

August (2017)

Completed the 2017 3rd quarter groundwater monitoring event. Continued data gap analysis on historical data and data collected to date.

September (2017)

Data gap analysis was completed and a draft Phase II Investigation Report was initiated.

Austin Site Environmental Investigation/Remediation Current Status

A remedial investigation and interim response action was implemented in the Upland area of the Austin MGP Site. Interim response action included excavation and thermal treatment of 31,500 tons of soils. A Response Action Work Plan (RAWP) was submitted to the MPCA in 2012. The work plan outlined the remaining activities for groundwater at the Site (consisted of eight quarters of monitoring paired with institutional controls). Although the quarterly monitoring outlined in the RAWP has been completed, the presence of DNAPL adjacent to MW-9 required additional actions.

A Phase II Site Investigation Work Plan was submitted to the MPCA to delineate the DNAPL impacts on the Site. DNAPL in both the upland and Cedar River areas has been delineated and groundwater quality continues to be evaluated. Site data indicates potential vapor intrusion is not a pathway of concern however; this has not been reviewed with MPCA. A Phase II Investigation Report will be submitted to the MPCA.

At the request of MPCA, signage is being developed and will be posted adjacent to Cedar River to provide the public information regarding sheens that have been observed on surface water adjacent to the FMGP earlier this year.

Minnesota Energy Resources Corporation
MGP Cleanup Costs
For the Year 2017 (Actuals through September 30, 2017; Projections for the remainder of 2017)

<u>Year/Month</u>	<u>Cost Category</u>	<u>Austin Plant</u>	<u>Description of Work</u>
Jan-17	RI: Cleanup: Legal: Other:	\$ (714)	Received and validated analytical data and Year End Environmental Liability Estimates from Natural Resource Technology, Inc.
Feb-17	RI: Cleanup: Legal: Other:	\$ 4,605	Data processing and generating figures from November 2016 site investigation and Environmental Liability Estimates from Natural Resource Technology, Inc.
		\$ 1,225	Well permit fees
Mar-17	RI: Cleanup: Legal: Other:	\$ 28,113	Groundwater monitoring (first quarter 2017) and data evaluation (extent of contamination in soil) from Natural Resource Technology, Inc.
		\$ 2,625	MPCA Oversight
Apr-17	RI: Cleanup: Legal: Other:	\$ 653	Groundwater data validation (first quarter 2017), Cedar Creek investigation planning and Environmental Liability Estimates from Natural Resource Technology, Inc.
May-17	RI: Cleanup: Legal: Other:	\$ 6,387	Groundwater monitoring (second quarter 2017) and contractor procurement for Cedar Creek investigation from Natural Resource Technology, Inc.
		\$ 1,925	Well Permit fees
Jun-17	RI: Cleanup: Legal: Other:	\$ 117,441	Cedar Creek investigation and Environmental Liability Estimates from Natural Resource Technology, Inc.
Jul-17	RI: Cleanup: Legal: Other:	\$ (7,972)	Initiate data gap analysis and data validation from Natural Resource Technology, Inc.
Aug-17	RI: Cleanup: Legal: Other:	\$ 10,429	Groundwater monitoring (third quarter 2017) and continued data gap analysis from Natural Resource Technology, Inc.
Sep-17	RI: Cleanup: Legal: Other:	\$ 43,309	Continued data gap analysis and initiate Phase II Investigation Report from Natural Resource Technology, Inc.
Oct-17 (Projected)	RI: Cleanup: Legal: Other:	\$ 20,365	Completed data gap analysis, third quarter groundwater validation, and continued Phase II Investigation Report from Natural Resource Technology, Inc.

Nov-17
(Projected)

RI: \$ 34,240
Cleanup:
Legal:
Other:

Groundwater monitoring (fourth quarter 2017), initiate Phase II Report and initial feasibility assessment from Natural Resource Technology, Inc. Laboratory analysis from Pace Analytical Services and investigative waste disposal from Covanta.

Dec-17
(Projected)

RI: \$ 22,370
Cleanup:
Legal:
Other:
2017 Total: \$ 285,000

Finalize Phase II report, continued feasibility assessment, year end environmental liability cost estimates, from Natural Resource Technology, Inc.

RI: \$ 279,225
Cleanup:
Legal:
Other: \$ 5,775
2017 Totals: \$ 285,000

Budget Projections
Austin Former Manufactured Gas Plant Site Cleanup
Minnesota Energy Resources Corporation

YEAR	BUDGET	ACTIVITY
2018	\$ 3,500,000.00	Soil and Cedar River Remediation
2019	\$ 1,300,100.00	Cedar River Remediation
2020	\$ 1,294,600.00	Active Groundwater Remediation
2021-2051	\$ 44,600.00	Groundwater System and Soil Barrier O&M
TBD	\$ 116,200.00	Potential Soil Barrier or Sediment Cap Repairs, as necessary
	\$ 7,548,900.00	TOTAL

**Exhibit ____ (BFB-3) to
Direct Testimony of Brian F. Bartozek**

Exhibit ____ (BFB-3) to the Direct Testimony of Brian F. Bartozek
is placed on a CD due to large file size.