



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA OFFICE OF ENERGY SECURITY
ENERGY FACILITY PERMITTING STAFF**

DOCKET NO. ET2/TL-08-1474

Meeting Date: January 27, 2009 Agenda Item # 5

Company: Great River Energy and Xcel Energy

Docket No: ET2/TL-08-1474

**In the Matter of the Route Permit Application for a 345 kV Transmission
Line from Brookings County, South Dakota to Hampton, Minnesota.**

Issue(s): Should the Commission accept the application as complete? If accepted, should the Commission authorize the Office of Energy Security to appoint a public advisor and an advisory task force?

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RELEVANT DOCUMENTS

Route Permit Application December 29, 2008

The enclosed materials are work papers of the Office of Energy Security (OES) Energy Facility Permitting (EFP) staff. They are intended for use by the Public Utilities Commission (PUC or Commission) and are based on information already in the record unless otherwise noted.

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DOCUMENTS ATTACHED

1. Figures 1 to 6 – Proposed Route Overview Maps
2. Draft Public Participation Plan

Note: Relevant documents and additional information can be found on eDockets (08-1474) or the PUC's Energy Facilities Siting and Routing website at: <http://energyfacilities.puc.state.mn.us/Docket.html?Id=19860>.

STATEMENT OF THE ISSUES

Should the Commission accept the route permit application as complete? If accepted, should the Commission authorize the OES to appoint a public advisor and an advisory task force? Should the Commission refer the docket to the Office of Administrative Hearings (OAH) for conduct of the contested case hearing?

INTRODUCTION AND BACKGROUND

On December 29, 2008, Great River Energy and Xcel Energy filed a route permit application under the full permitting process for 237 miles of 345 kV transmission line and associated facilities between the existing Brookings County substation near White, South Dakota, and a newly proposed substation near Hampton, Minnesota.

Because the proposed transmission line capacity is greater than 200 kV, a certificate of need (CN) application is required. A CN application (ET2-E002/CN-06-1115) for this project was filed by Great River Energy and Xcel Energy on November 2, 2005.

Project Description

The proposed project begins at the state's western border near Hendricks, Minnesota and would cross a portion of the following counties: Lincoln, Lyon, Yellow Medicine, Chippewa, Redwood, Brown, Renville, Sibley, Le Sueur, Scott, and Dakota (see Figures 1 through 6).

The proposed route includes six route segments totaling 237 miles and would be constructed between (1) the Brookings County substation near White, South Dakota, and a new Hampton substation near Hampton, Minnesota and (2) the Lyon County substation near Marshall, Minnesota, and the Minnesota Valley substation near Granite Falls, Minnesota. The proposal includes the construction of four new substations and the expansion of four existing substations. New substations include the Hazel Creek substation near Granite Falls, Minnesota; the Helena substation near New Prague, Minnesota; the Cedar Mountain substation near Franklin, Minnesota; and the Hampton substation near Hampton, Minnesota.

The applicants are requesting a 1,000 foot wide route width for the majority of the project. In areas of proposed substations and five other locations along the route, the applicants request a 1.25 mile wide route width to facilitate system interconnection and address river crossing areas and environmental and land use concerns.

The applicants propose using single structure steel poles which would require a 150 foot right-of-way for the majority of the route. A 100 foot right-of-way would be required for the route segment connecting to the Cedar Mountain substation near Franklin, Minnesota. There may be some limited situations along the route where specialty structures (H-frames or triple circuit structures) may be required. A right-of-way up to 180 feet in width would be required in these instances.

REGULATORY PROCESS AND PROCEDURES

No person may construct a high-voltage transmission line without a route permit from the Commission (Minn. Stat. 216E.03, subd. 2). A high-voltage transmission line is defined as a conductor of electric energy designed for and capable of operation at a voltage of 100 kV or more and is greater than 1,500 feet in length (Minn. Stat. 216E.01, subd. 4).

Route permit applications must provide specific information about the proposed project including, but not limited to, applicant information, route description, environmental impacts, alternatives, and mitigation measures (Minn. R. 7849.5220). The Commission may accept an application as complete, reject an application and require additional information to be submitted, or accept an application as complete upon filing of supplemental information (Minn. R. 7849.5230).

The review process begins with the determination by the Commission that the application is complete. The Commission has one year to reach a final decision on the route permit application from the date the application is determined to be complete. The Commission may extend this limit for up to three months for just cause or upon agreement of the applicant (Minn. R. 7849.5340).

Public Advisor

Upon acceptance of an application for a site or route permit, the Commission must designate a staff person to act as the public advisor on the project (Minn. R. 7849.5250). The public advisor is someone who is available to answer questions from the public about the permitting process. In this role, the public advisor may not act as an advocate on behalf of any person. The Commission can authorize the OES to name a member from the EFP staff as the public advisor or assign a Commission staff member.

Advisory Task Force

The Commission has the authority to appoint an advisory task force (Minn. Stat. 216E.08). An advisory task force comprises representatives of local governmental units and potentially, other interested local persons. A task force can be charged with identifying additional routes or specific impacts to be evaluated in the environmental impact statement (EIS) and terminates upon completion of its charge, designation of alternative routes to be included in the EIS, or the date specified by the Commission, whichever occurs first.

The Commission is not required to assign a task force for every project. However, if the Commission does not name a task force, Minn. R. 7849.5270 allows a citizen to request appointment of a task force. The Commission would then need to determine at its next meeting if a task force should be appointed or not. The decision whether to appoint a task force does not need to be made at the time of accepting the application; however, it should be made as soon as practicable to ensure its charge can be completed prior to an EIS scoping decision.

Environmental Review

Applications for high voltage transmission line route permits are subject to environmental review, which is conducted by EFP staff under Minn. R. 7849.5200. The staff will provide notice and conduct public information and scoping meetings to solicit public comments on the scope of the EIS. The Director of the OES will determine the scope of the EIS. The draft EIS will be completed and made available prior to the public hearing.

Public Hearing

Applications for high voltage transmission line route permits under the full permitting process require a public contested-case hearing upon completion of the draft EIS pursuant to Minn. R. 7849.5330. A portion of the hearing will be held in the counties where the proposed project would be located.

The docket (Docket ET2/TL-08-1474) must be referred to the OAH for conduct of the Minn. R. 1405, contested case hearings. However, since the hearings must follow release of the draft EIS, the date for hearings cannot be set until the OES completes the EIS scoping process and determines the schedule for completion of the EIS. The PUC can refer the docket to the OAH for hearing at this time, with the understanding that the OES will work with the OAH to establish a schedule once the EIS scoping process is complete.

STAFF ANALYSIS AND COMMENTS

EFP staff conducted a completeness review of the route permit application and conclude that the application meets the content requirements of Minn. R. 7849.5220, subp. 2 and 3. EFP staff recommends the Commission accept the application with the understanding that if additional information is requested of the applicants by the OES EFP staff, including landowner contact lists, these requests will be addressed promptly. The applicants have indicated that they will comply with requests for additional information from the Commission or the OES. The PUC's acceptance of the application will allow EFP staff to initiate and conduct the public participation and environmental review processes.

Alternatives to the proposed route may be identified during the routing process. As proposed in the attached Draft Public Participation Plan, landowners and local governments will be notified by letter that they may be located within or near a newly proposed alternative. Letters will include information on the project to date as well as that of the transmission line routing process.

In analyzing the merits of establishing an advisory task force for the project, EFP staff considered four characteristics: size, complexity, known or anticipated controversy, and sensitive resources.

Project Size. At approximately 237 miles in length, the project area is extensive. The requested route width is 1,000 feet, with a few exceptions. The proposed right-of way width within the proposed route is 150 feet.

Complexity. While the proposed route is great in distance, it is relatively straight forward. Approximately 76 percent of the proposed route uses or parallels existing utilities (electric transmission and pipeline facilities), roads, and railroad rights-of-way. Survey lines, natural division lines, and agricultural field boundaries are paralleled for 17 percent of the proposed route. The applicants indicate that the project will be designed to avoid displacement of existing homes and businesses.

Known or Anticipated Controversy. EFP staff anticipates a high level of controversy with this project, based on the certificate of need proceedings, phone conversations with citizens, and letters received to date. Staff will seek to educate local officials and local residents through the process about the opportunities afforded to the public to submit comments on issues and suggestions for alternative routes.

Sensitive Resources. There are a number of sensitive resources that include wetlands, surface waters, designated recreation areas, agriculture, archaeological resources, flora, fauna, and rare and unique resources. In addition, the proposed route crosses the Minnesota River three times. Such sensitive resources are expected given the size of this project and can be addresses in the EIS process.

Based on the four characteristics, EFP staff conclude that some level of additional public participation is warranted.

Considering the four characteristics, coupled with length and linear nature of the proposed project, a single, statutory task force is likely not the best public participation strategy for the project. A single task force would pose logistical difficulties and would limit focused input on specific local impacts and issues, including the development of route alternatives. For example, potential issues along the western portion of the route would likely be associated with agriculture, whereas issues related to higher density residential areas are anticipated along the eastern portion of the route. Multiple task forces spread along the length of the line would likely provide better input into the EIS scoping decision. However, a statutory task force expires at the completion of its charge.

Recognizing the size and anticipated controversy associated with this project, and in keeping with the Commission's charge to "adopt broad spectrum citizen participation as a principle of operation," (Minn. Stat. 216E.08), EFP staff has developed and is proposing to implement a public participation plan for this project (attached). The plan includes multiple strategies to ensure effective public participation in the route permitting process.

To enhance public input and partnership, EFP staff suggests the creation of multiple focus groups in lieu of the statutory task force. The goal of the focus groups is to target select areas along the proposed route with known or anticipated problems, thereby soliciting input from those citizens who have knowledge of the issues in that specific area. The focus groups would therefore be tailored to the area in which they are created and would likely be more effective and provide site-specific high-quality input to the scope of the EIS. EFP staff believes that, compared with statutory task forces, focus groups provide several advantages including greater ease in integrating citizen and local governmental input, a local focus on issues, concerns and identification of alternatives, and the ability to engage focus groups through the draft EIS comment period.

Based on public comments and task force requests received to date, EFP staff anticipates convening an initial focus group for the region between the Lake Marion substation and the proposed Hampton Corner substation (the south metro area from Elko-New Market to Hampton).

COMMISSION DECISION OPTIONS

A. Application Acceptance

1. Accept the Great River Energy and Xcel Energy 345 kV Transmission Line Route Permit Application as complete and authorize Office of Energy Security Energy Facilities Permitting staff to process the application under the full permitting process in Minnesota Rules 7849.5200 to 7849.5330.
2. Reject the route permit application as incomplete and issue an order indicating the specific deficiencies to be remedied before the application can be accepted.
3. Find the route permit application complete upon the submission of supplementary information.
4. Make another decision deemed more appropriate.

B. Public Advisor

1. Authorize Office of Energy Security Energy Facilities Permitting staff to name a public advisor in this case.
2. Appoint a PUC staff person as public advisor.
3. Make another decision deemed more appropriate.

C. Advisory Task Force

1. Authorize Office of Energy Security Energy Facility Permitting staff to establish an advisory task force and develop a structure and charge for the task force.
2. Take no action on an advisory task force at this time, allowing Office of Energy Security Energy Facility Permitting staff to implement the proposed Draft Public Participation Plan.
3. Determine that an advisory task force is not necessary.
4. Take no action on an advisory task force at this time.
5. Make another decision deemed more appropriate.

D. Public Hearing

1. Refer the Great River Energy and Xcel Energy 345 kV Transmission Line Route Permit Docket ET2/TL-08-1474 to the Office of Administrative Hearings for conduct of the Minn. R. 1405 contested case hearing.
2. Make another decision deemed more appropriate.

EFP Staff Recommendation: Staff recommends options A1, B1, C2, and D1.

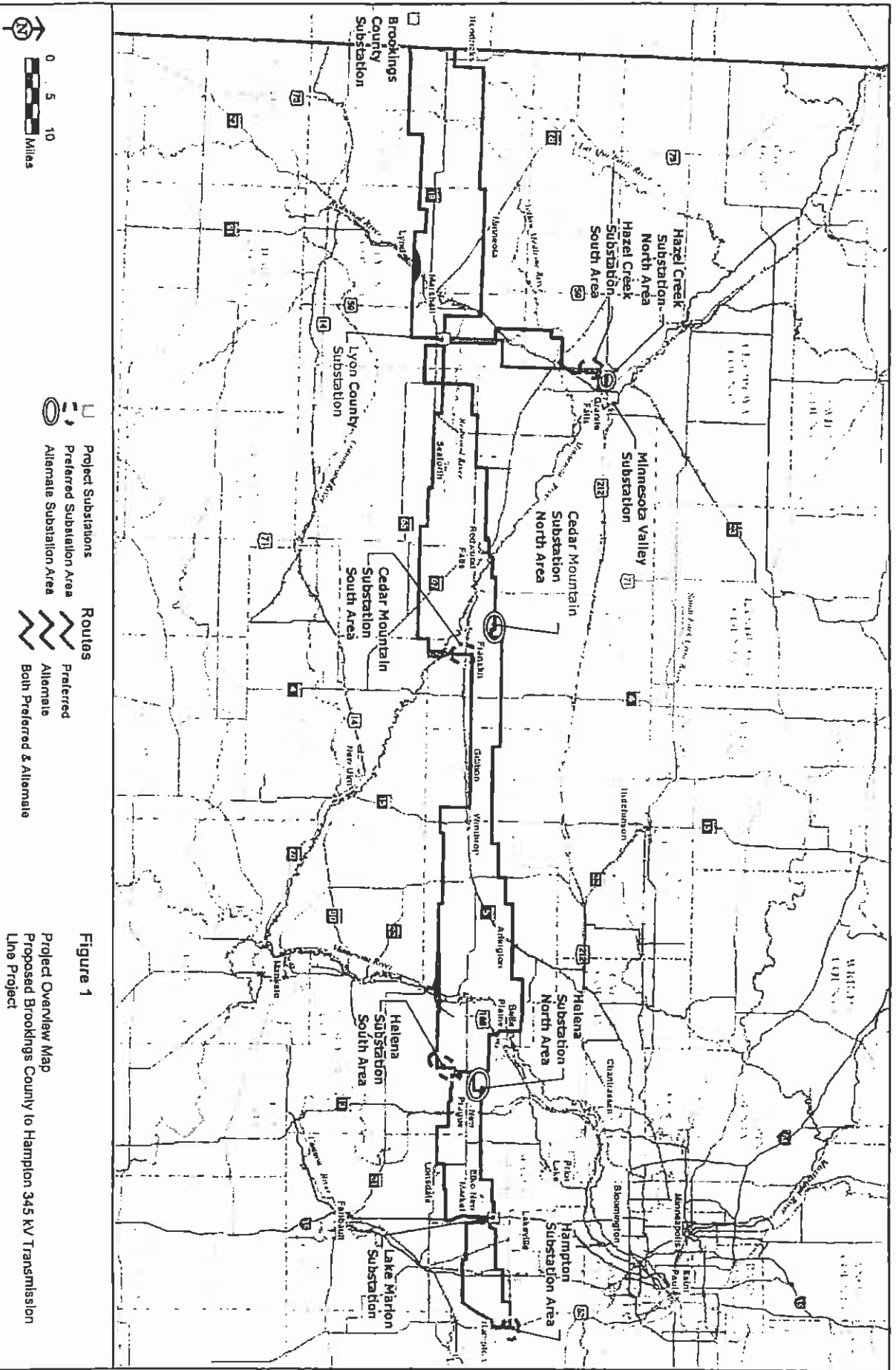


Figure 1

Project Overview Map
Proposed Brookings County to Hampton 345 kV Transmission
Line Project

Figure taken from the Application to the Minnesota Public Utility's Commission for a Route Permit for the Brookings County - Hampton 345 kV Transmission Line Project. Great River Energy, Northern States Power, December 18, 2008.

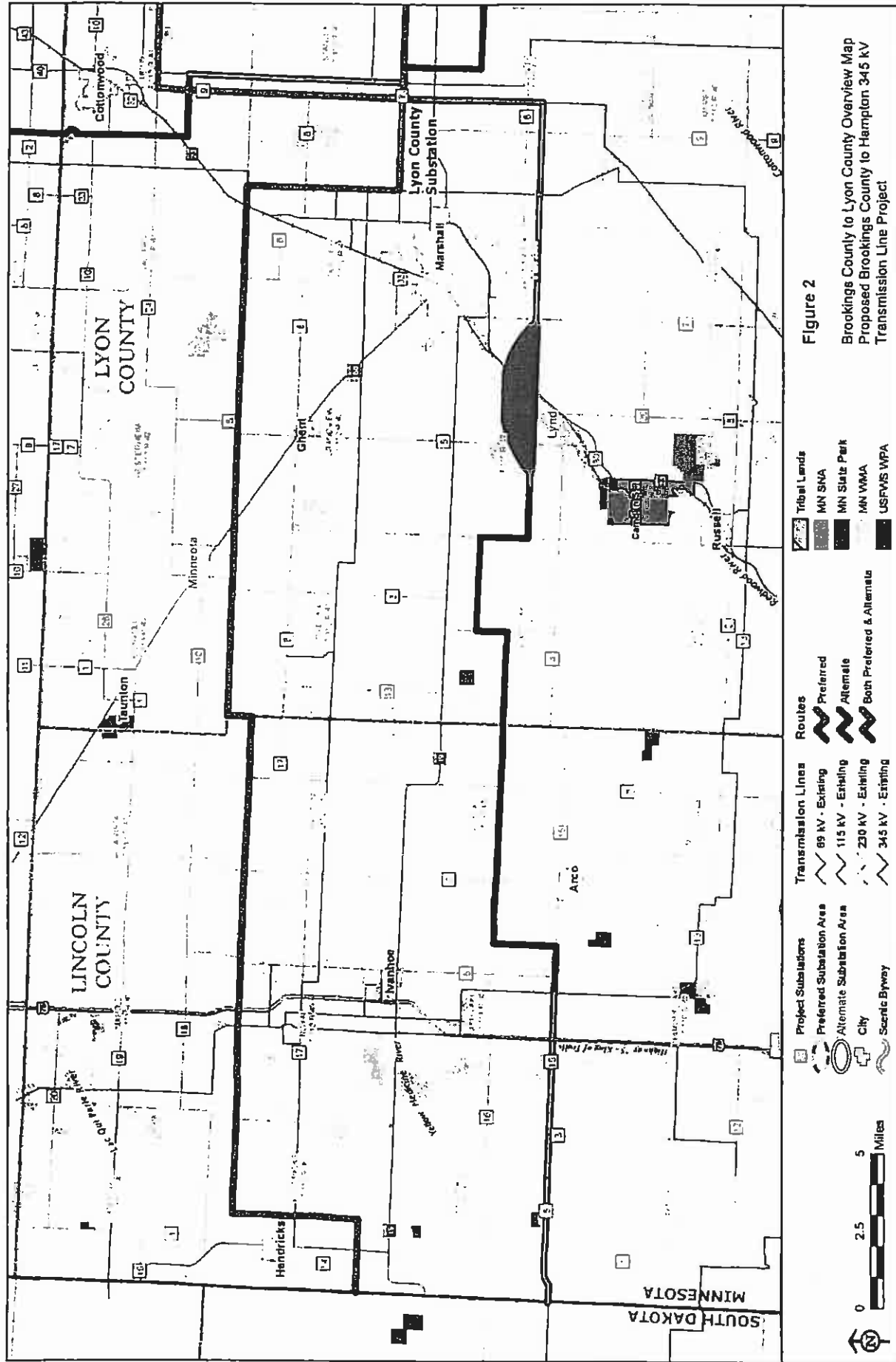


Figure 2

Brookings County to Lyon County Overview Map
 Proposed Brookings County to Hampton 345 kV
 Transmission Line Project

Figure taken from the Application to the Minnesota Public Utilities Commission for a Route Permit for the Brookings County - Hampton 345 kV Transmission Line Project, Great River Energy, Northham States Power, December 15, 2008.

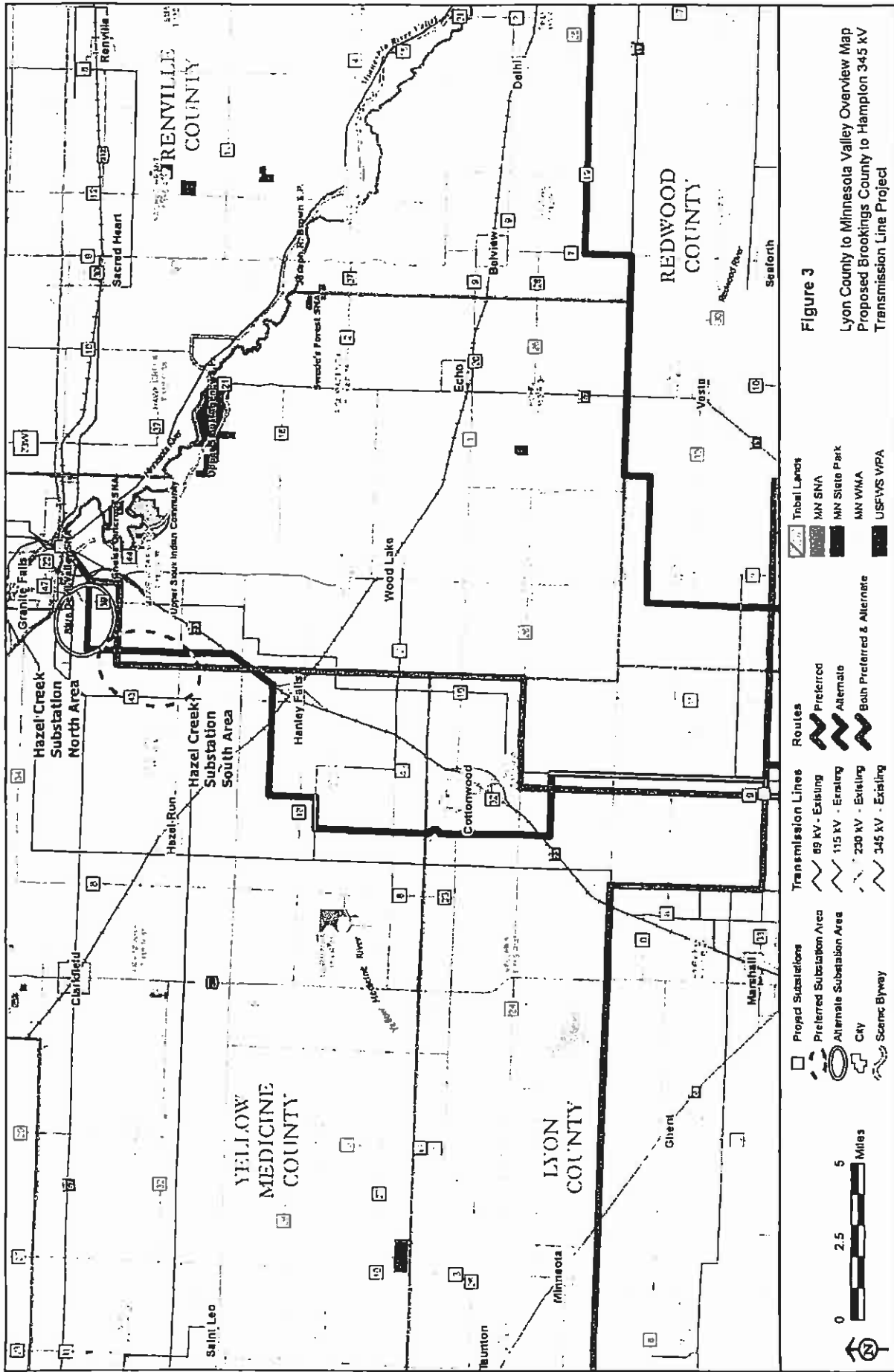


Figure taken from the Application to the Minnesota Public Utilities Commission for a Route Permit for the Brookings County - Hampton 345 kV Transmission Line Project. Great River Energy, Northern States Power, December 18, 2008.

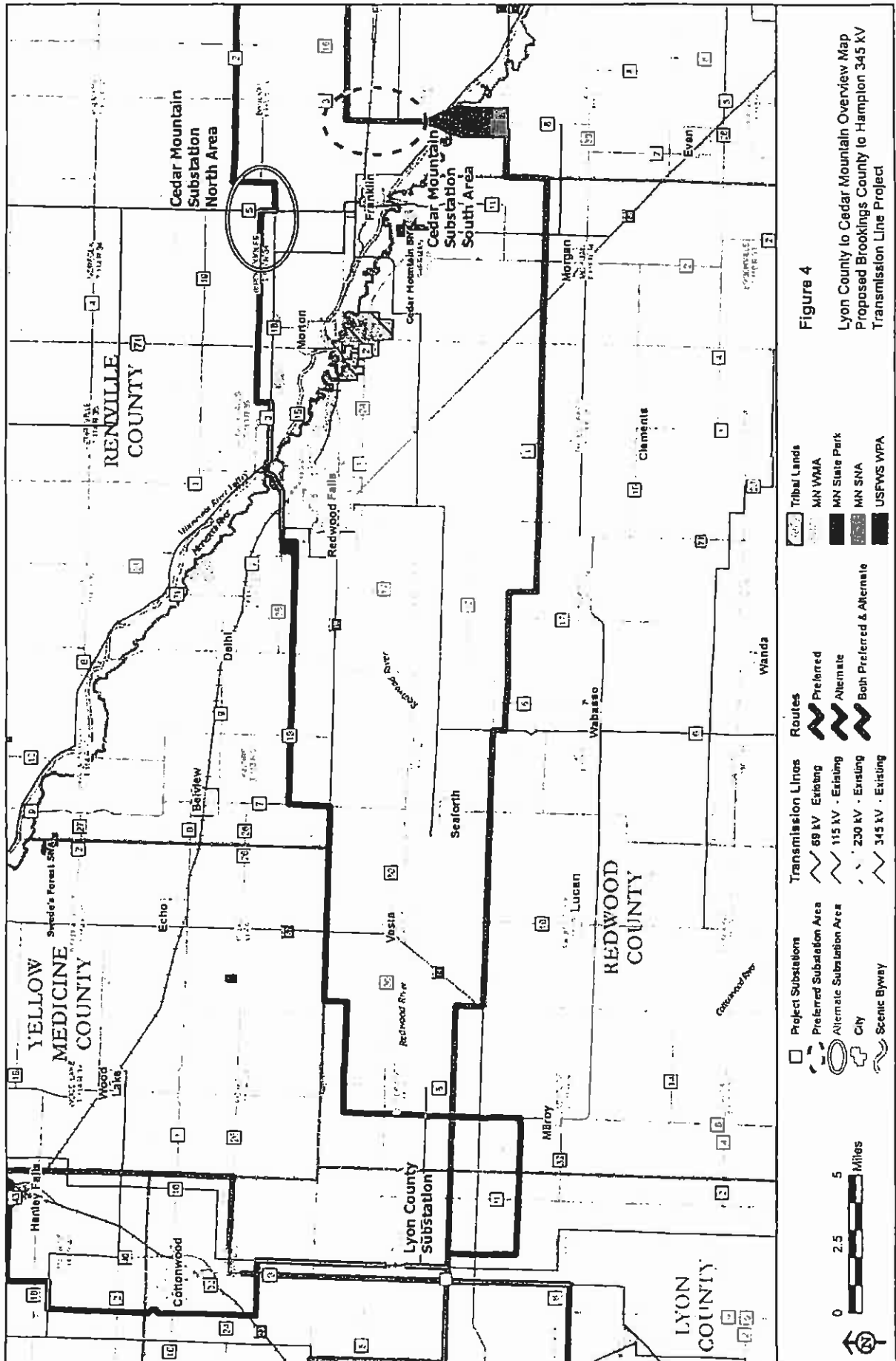


Figure 4
 Lyon County to Cedar Mountain Overview Map
 Proposed Brookings County to Hampton 345 KV
 Transmission Line Project

Figures taken from the Application to the Minnesota Public Utilities Commission for a Route Permit for the Brookings County - Hampton 345 KV Transmission Line Project, Great River Energy, Northern States Power, December 18, 2008.

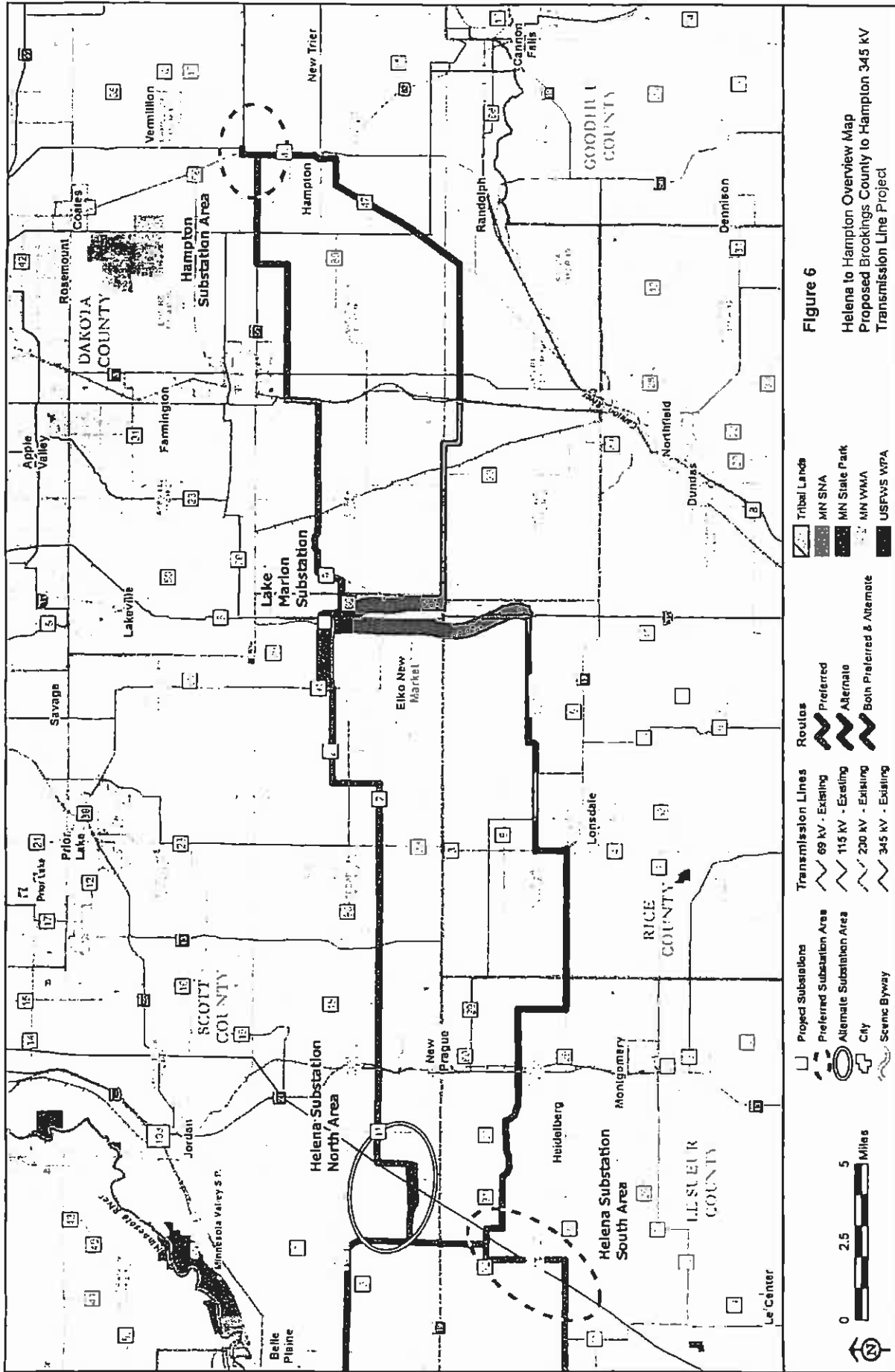


Figure taken from the Application to the Minnesota Public Utilities Commission for a Rouser Permit for the Brookings County - Hampton 345 kV Transmission Line Project, Great River Energy, Northern States Power, December 19, 2008.