



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. E002/TL-09-1448

Meeting Date: February 25, 2010

Agenda Item # ___

Company: Northern States Power Company (Xcel Energy)

Docket No. E002/TL-09-1448

**In the Matter of the Application for a Route Permit for the CapX2020
Hampton-Rochester-La Crosse High Voltage Transmission Lines**

Issues: Should the Commission accept the route permit application as complete?

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Relevant Document(s)

Route Permit Application January 19, 2010

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 and are based on information already in the record unless otherwise noted.

This document can be made available in alternative formats, i.e., large print or audio tape, by calling (651) 201-2202 (Voice) or 1-800-627-3529 (TTY relay service).

Attached Document(s)

Project Overview Map (Application)..... January 19, 2010

Project Key Map (Application)..... January 19, 2010

(Relevant documents and additional information can be found on eFilings (09-1448) or the PUC Facilities Permitting website: <http://energyfacilities.puc.state.mn.us/Docket.html?Id=25731>)

Statement of the Issues

Should the Commission accept the route permit application as complete? If complete and accepted, should the Commission allow EFP to name a public advisor? Should the Commission authorize EFP to develop a charge and convene an advisory task force?

Introduction and Background

On January 19, 2010, Xcel Energy submitted a high voltage transmission line (HVTL) Route Permit application to the Commission for the proposed CapX 2020 Hampton-Rochester-La Crosse Transmission Line Project (Project). The Project is over 200 kilovolts (kV) and requires a Certificate of Need (CN). An Order was issued by the Commission on May 22, 2009, granting a CN for the CapX2020 Phase I project, which includes the transmission lines in this route permit application.

Project Description

The Project includes an 81- to 91-mile 345 kV HVTL and a 15-mile 161 kV HVTL located in Dakota, Goodhue, Olmsted, and Wabasha counties, Minnesota. The proposed project would cross the Mississippi River into the State of Wisconsin at a location near Kellogg, Minn. The Project also includes construction of a new North Rochester substation, and improvements to the existing Hampton and Northern Hills substations.

The proposed structures for the 345 kV HVTL are double circuit-capable, single-pole, self-weathering steel structures. The height of these poles will range from 130 to 170 feet, with the spans between poles ranging from 700 to 1,000 feet. The typical right-of-way width for the 345 kV transmission line is 150 feet. The proposed structures for the 161 kV HVTL are single-pole, steel structures 70 to 105 feet in height, with spans between the poles ranging from 400 to 700 feet. The applicant has requested a route width of 1000 feet for both the 345 kV and 161 kV lines. In some locations, the applicant has requested route widths greater than 1,000 feet to provide routing flexibility near existing or anticipated future developments.

The estimated cost of the Project for facilities to be located in Minnesota is between \$229 and \$253 million (2009 dollars), depending on the final route selected. Construction of the Project is expected to begin in the third quarter of 2011. The applicant anticipates the 345 kV HVTL will be completed and the line in-service by second quarter 2015, and the 161 kV HVTL in-service by fourth quarter 2012.

Regulatory Process and Procedures

Minnesota Statutes Section 216E.03, subd. 2, provides that no person may construct a high voltage transmission line without a route permit from the Commission. An HVTL is defined as a transmission line of 100 kV or more and greater than 1,500 feet in length in Minnesota Statutes Section 216E.01, subd. 4. The transmission line proposed here is an HVTL and therefore a route permit is required prior to construction. The application was submitted pursuant to the provisions of the Full Permitting Process outlined in Minnesota Rules 7850.1700 to 7850.2700. Route permit applications under the full review process must provide specific information about the proposed project, applicant, environmental impacts, alternatives and mitigation measures (Minnesota Rule 7850.1900). An applicant under this process is required to propose two routes, and identify one as a preferred route. EFP staff conducts public information and scoping meetings and prepares an Environmental Impact Statement (EIS), and a public contested-case hearing is required.

The Commission may accept a route permit application as complete, reject an application and require additional information to be submitted, or accept an application as complete upon filing of supplemental information (Minnesota Rule 7850.2000). The permit review process begins with the determination by the Commission that the application is complete, allowing staff to initiate the public participation and environmental review processes. The Commission has one year to reach a final decision from the time the application is accepted (Minnesota Rule 7850.2700).

Public Advisor

Upon acceptance of an application for a route permit, the Commission must designate a staff person to act as the public advisor on the project (Minnesota Rule 7850.2200). The public advisor is someone who is available to answer questions from the public about the permitting process and assist them in participating in that process. In this role, the public advisor may not act as an advocate on behalf of any person.

The Commission can authorize EFP to name a member from its staff as the public advisor or assign a Commission staff member. The role has typically been filled by an EFP staff member.

Advisory Task Force

The Commission can authorize an advisory task force (Minnesota Statute 216E.08). An advisory task force comprises representatives of local governmental units and may include other interested persons. A task force can be charged with identifying additional routes or specific impacts to be evaluated in the EIS and terminates when the OES Director issues an EIS scoping decision.

The Commission is not required to assign an advisory task force for every project. However, if the Commission does not name a task force, Minnesota Rule 7850.2400 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 an advisory 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 by the OES Director.

Environmental Review

Applications for a route permit under the full review process require an Environmental Impact Statement, which is prepared by EFP staff under Minnesota Rule 7850.2500.

Because this project extends into the State of Wisconsin and will receive financial assistance from the U.S. Department of Agriculture's Rural Utility Service, the State of Wisconsin's Public Service Commission and National Environmental Policy Act review are required. The Applicant is coordinating review processes and timelines. The Department of Commerce has no official agreement in place to combine these processes, but is in contact with each permitting and environmental review authority to monitor key decision steps and share information.

Public Hearing

Applications for route permits under the full review process require a contested case hearing to be held as per Minnesota Rule 7850.2600.

The docket must be referred to the Office of Administrative Hearings (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 Commission can refer the docket to 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.

EFP Staff Analysis and Comments

EFP staff reviewed and evaluated the CapX2020 Hampton-Rochester-La Crosse Transmission Lines Project route permit application through its draft and final versions, and concludes that the application meets the content requirements of Minnesota Rule 7850.1900. Staff recommends that the Commission accept the Application as complete with the understanding that if additional information is requested by the EFP staff, these requests will be addressed promptly. The Applicants would be required to comply with requests for additional information from the Commission or the EFP.

Advisory Task Force

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

Project Size. At approximately 96-106 miles, and at 345/161 kilovolts, the proposed line is a significantly-sized project that poses several potential environmental impacts.

Complexity. The proposed route is fairly complex in routing near the city of Cannon Falls and the Cannon River, along the Highway 52 corridor, through Goodhue County, and near the city of Pine Island. There are areas where anticipated future developments and expansions may occur and present a unique interaction between private, state and federal interests.

Known or Anticipated Controversy. The Applicants have met with local, state, and federal government officials before submitting an application, and EFP staff will continue to educate

officials and local residents throughout the process about the opportunities afforded the public to submit comments and suggestions for alternative routes. Staff expects controversy in the Pine Island area where the preferred and alternative routes for both the 345kV and 161 kV lines converge and a new substation is proposed. This area has originated more calls to staff than other areas along the proposed routes.

Sensitive Resources. In some areas, the proposed routes cross surface waters, public recreation areas, prime farmland, and listed species habitat. The applicant has identified impact minimization, mitigation and avoidance measures in the route permit application.

Based on the analysis above, staff concludes that an advisory task force would be prudent in the Pine Island area (See attached key map, Sections 16 and 17). The purpose of the advisory task force would be twofold:

1. Assist in determining specific impacts and issues of local concern that should be assessed in the EIS by adding detail to the draft Scoping Document;
2. Assist in determining potential route alternatives that should be assessed in the EIS.

The advisory task force would comprise a representative each from Goodhue and Olmsted counties, the city of Pine Island, interested town board members from the project area, and members representing local non-governmental interest groups. The advisory task force would expire on the issuance of the OES Director's Scope for the EIS.

Staff will investigate whether or not additional task forces are warranted for specific areas along the line, especially by contact with local governments along the route. Staff will also continue to assist local landowners and other citizens in understanding the routing process and in identifying opportunities for participating in further development of alternative routes or permit conditions.

Commission Decision Options

A. Application Acceptance

1. Accept the Capx2020 Hampton-Rochester-La Crosse Transmission Line Route Permit Application as complete and authorize the Office of Energy Security to process the application under the full review process in Minn. Rule 7850.1700-2700.
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 Application complete upon the submission of supplementary information.
4. Make another decision deemed more appropriate.

B. Public Advisor

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

C. Advisory Task Force

1. Authorize the Office of Energy Security to establish an advisory task force and develop a proposed structure and charge for the task force.
2. Determine that an advisory task force is not necessary.
3. Take no action on an advisory task force at this time.
4. Make another decision deemed more appropriate.

D. Public Hearing

1. Refer the CapX2020 Hampton-Rochester-La Crosse Transmission Line Route Permit Docket E002/TL-09-1448 to the Office of Administrative Hearings for conduct of the Minn. R. 1405 contested case hearing.
2. Make another decision deemed more appropriate.

EFP Recommendations: Staff recommends options A1, B1, C1 and D1.

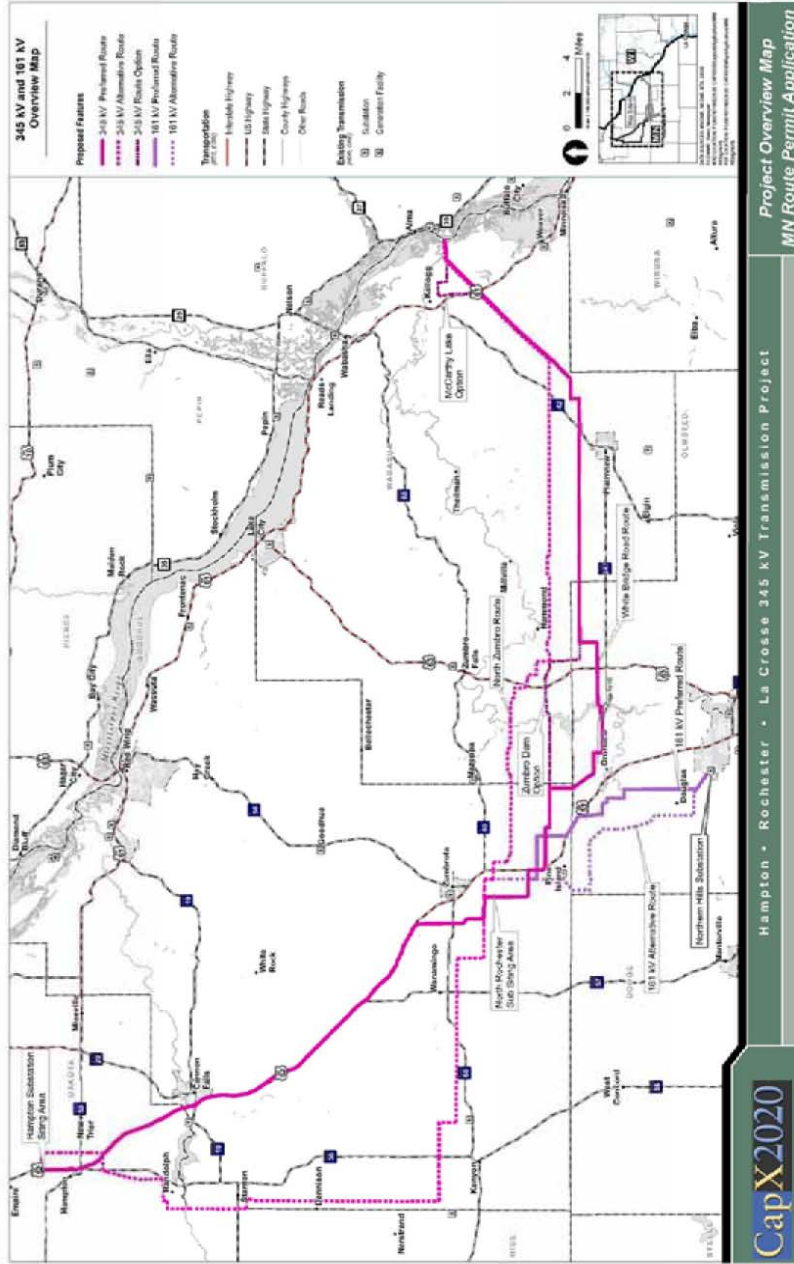


Figure ES-1: Project Overview Map
Hampton - Rochester - La Crosse 345 kV Transmission Project

