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February 24, 2010

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VIA ELECTRONIC FILING

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

**Re: *In the Matter of the Application for a Route Permit for the CapX2020
Hampton-Rochester-La Crosse High Voltage Transmission Line***
MPUC Docket No.: E002/TL-09-1448

Dear Dr. Haar:

Enclosed please find the Response of Northern States Power Company, a Minnesota corporation, to NoCapX2020 and United Citizen Action Network's Comment on Completeness, Petition for Order for Joint Cooperative Environmental Review, and Petition for Intervention filed today through www.edockets.state.mn.us in the above-referenced docket.

Sincerely,

s/ Valerie T. Herring
Valerie T. Herring

VTH/ts
Enclosure

cc: Carol Overland
Bob Cupit
Matt Langan
Service List

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION
FOR A ROUTE PERMIT FOR THE
CAPX2020 HAMPTON-ROCHESTER-LA
CROSSE HIGH VOLTAGE
TRANSMISSION LINE

PUC DOCKET NO. E002/TL-09-1448

APPLICANT'S RESPONSE TO
NOCAPX2020 AND U-CAN'S
MOTIONS

INTRODUCTION

Northern States Power Company, a Minnesota corporation ("Xcel Energy" or "Company"), respectfully submits this response to NoCapX2020 and United Citizens Action Network's (collectively, "NoCapX/U-CAN's") Comment on Completeness ("Comment"), Petition for Order for Joint Cooperative Environmental Review and in the Alternative Petition for Citizen Advisory Task Force ("Environmental Review Petition"), and Petition for Intervention ("Intervention Petition"). Xcel Energy respectfully requests that 1) the Minnesota Public Utilities Commission ("Commission") find that the Route Permit Application ("Application") is complete; 2) approve the Department of Commerce Office of Energy Security's ("OES") recommendation regarding the environmental review process; 3) appoint as many advisory task forces ("ATFs") as the Commission believes would facilitate development of the record; and 4) grant the Intervention Petition.

DISCUSSION

Comment Letter

NoCapX2020/U-CAN challenges completeness of the Application based on an alleged failure to identify two routes in the Application for the Minnesota portion of the proposed 345 kV transmission line between Hampton Substation and La Crosse, Wisconsin. Specifically, NoCapX2020/U-CAN asserts that the Application lacks two routes because there is a 5.5-mile common segment southwest of Alma between north of Plainview and U.S. Highway 61. Xcel Energy believes that this

interpretation of the applicable statute and rule is overly restrictive and inconsistent with prior practice before this Commission and the Minnesota Environmental Quality Board ("EQB").

The Power Plant Siting Act requires an applicant for a route permit under the full permitting process to propose "at least two routes" for a high voltage transmission line. Minn. Stat. § 216E.03, subd. 3. Minnesota Rule 7850.1900, Subpart 2(c), similarly requires that an application contain information regarding "at least two proposed routes for the proposed high voltage transmission line and identification of the applicant's preferred route and reasons for the preference." Neither the statutes nor the rules provide further guidance on the meaning of "two routes."

Xcel Energy's understanding of this requirement is that an applicant must provide two end-to-end routes in an application. These routes are not required to be 100 percent mutually exclusive, but should be separated to the extent practical under the facts of the particular project including, but not limited to, geographic constraints. Overlaps are acceptable where circumstances warrant, such as pinch points or sensitive environmental resource areas, for example. The EQB followed this interpretation in the routing of the most recent 345 kV transmission line project, Lakefield Junction—Split Rock, in which Xcel Energy proposed two routes in the application that shared a common 12-mile segment in a difficult routing area around the City of Worthington that was constrained by the local airport. The EQB found the application complete and granted a route permit for the project. *In the Matter of Xcel Energy's Application to the EQB for Route Permits, Split Rock Substation to Nobles County Substation to Lakefield Junction Substation 345 kV Transmission Line and the Nobles County Substation to Chanarambie Substation 115 kV Transmission Line and the Nobles County Substation*, Docket No. 03-73-TR-XCEL (Route Permit issued June 16, 2005).

In the Application, Xcel Energy divides the approximately 80 to 90-mile long 345 kV transmission line project into three geographic sections: Hampton – North Rochester, North Rochester – Zumbro River, and Zumbro River – Mississippi River. The main portion of the Application includes mutually exclusive route alternatives for the Hampton – North Rochester and North Rochester – Zumbro River sections. The route alternatives for the Zumbro River – Mississippi River section include a common segment that follows the Chester – Alma 161 kV transmission line between north of Plainview to the Minnesota Department of Natural Resources managed McCarthy Lake Wildlife Management Area ("WMA"). This segment was chosen for both the preferred and alternate routes in this area because it avoids the creation of a new transmission corridor through the bluffs to the Mississippi River and because there are no natural corridors in this area.

In the appendix, the Application contains detailed information about two other independent segment alternatives for the Zumbro River – Mississippi River section that cross the Mississippi River at different locations (La Crosse and Winona). Xcel Energy fully evaluated these alternatives, but determined that the proposed Alma crossing is the only prudent and reasonable Mississippi River crossing location and therefore rejected the associated route segment alternatives. *See* Application, Chapter 5, Rationale for the Preferred Route Selection.

Xcel Energy believes that proposed routes in main body of the Application fully satisfy the "two route" requirement and that the overlapping segment is appropriate given the environmental conditions present. When this information is considered along with the data in the appendix regarding additional distinct routes between Zumbro and the Mississippi River, it is clear that the Application contains "information" for "at least" "two routes" in compliance with the statute and rule. Moreover, any stakeholder wishing to offer an alternative could use this information to do so in the scoping process. Xcel Energy believes the Application fully meets the

letter and spirit of the statute and rule and requests that the Application be deemed complete.

Environmental Review Petition

NoCapX2020/U-CAN's Environmental Review Petition seeks an order requiring joint Rural Utilities Service ("RUS") and OES environmental review or, in the alternative, that several ATFs be appointed.

The RUS environmental review has been underway since March 2009 and is expected to be completed in approximately third quarter 2011. The OES, which has participated in the RUS process and attended agency meetings, has appropriately determined that the federal and state EIS processes, which have different requirements and different timelines, should be conducted separately for this Project.¹ Xcel Energy supports the OES's decision.

The OES has also recommended that a task force be appointed in the Pine Island area. Xcel Energy agrees with OES that this is a complex routing area where the appointment of an ATF would be beneficial. NoCapX2020/U-CAN seeks the appointment of additional ATFs if the federal and state environmental review processes are not joined. Xcel Energy believes that ATFs provide valuable information in the routing process and will work diligently to facilitate the efforts of the ATFs the Commission determines are appropriate.

¹ NoCapX2020/U-CAN's reference to Minn. R. 4410.3900 regarding joint federal and state environmental documents is misplaced as this rule does not directly apply to routing proceedings. Nevertheless, this rule does not require a joint process; rather it requires cooperation and sets requirements *if* there is to be a joint EIS. The OES has complied with this rule by monitoring and engaging in the RUS process.

Intervention Petition

Xcel Energy encourages broad participation in the routing proceeding and supports NoCapX/U-CAN's request for intervention.

CONCLUSION

For the foregoing reasons, Xcel Energy respectfully requests that the Application be found complete, that the OES's recommendations regarding environmental review be adopted, and that NoCapX2020/U-CAN's Intervention Petition be granted.

Dated: February 24, 2010

Jennifer Thulien Smith
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Respectfully submitted:

BRIGGS AND MORGAN, P.A.

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**Attorneys for Northern States Power
Company, a Minnesota corporation**

**In the Matter of the Application
for a Route Permit for the CapX2020
Hampton-Rochester-LaCrosse High
Voltage Transmission Line**

**CERTIFICATE OF SERVICE
MPUC Docket No. ET-2/TL-09-1448**

Theresa Senart certifies that on the 24nd day of February 2010, she filed a true and correct copy of the **Applicants' Response to NoCapX2020 and U-CAN's Motions**, by posting it on www.edockets.state.mn.us. Said document was also sent via U.S. Mail as designated on the Official Service List on file with the Minnesota Public Utilities Commission.

/s/ Theresa Senart

Theresa Senart

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IN THE MATTER OF THE APPLICATION FOR A ROUTE
PERMIT FOR THE CAPX2020 HAMPTON-ROCHESTER-
LA CRÖSSE HIGH VOLTAGE TRANSMISSION LINE

MPUC DOCKET No.: E-002/TL-09-1448

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