



85 7th Place East, Suite 500, St. Paul, MN 55101-2198
main: 651.296.4026 tty: 651.296.2860 fax: 651.297.7891
www.commerce.state.mn.us

August 5, 2008

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
127 7th Place East, Suite 350
St. Paul, MN 55101-2147

**RE: Comments and Recommendations of the Minnesota Office of Energy Security,
Energy Facility Permitting Staff (Docket No. ET2/TL-08-712)**

Dear Sir:

Attached are the comments and recommendations of the Minnesota Office of Energy Security Energy Facility Permitting staff in the matter of the acceptance of an application for a high voltage transmission line and breaker station route permit by Great River Energy and Minnesota Power.

Great River Energy and Minnesota Power are proposing to construct approximately 9.3 miles of new 115 kilovolt (kV) high voltage transmission line, construct the Scearcyville 115 kV Breaker Station, and connect the Scearcyville 115 kV breaker station to the proposed 115 kV transmission line and the existing Minnesota Power "24" 115 kV transmission line. The proposed project is located in the city of Baxter and Sylvan Township in Crow Wing and Cass counties, Minnesota.

The Energy Facility Permitting staff recommends acceptance of the high voltage transmission line and breaker station route permit application with the understanding that any additional information necessary for processing the application will be provided promptly. Staff is available to answer any questions the Commission may have.

Sincerely,

Scott E. Ek
Office of Energy Security,
Energy Facility Permitting



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. ET2/TL-08-712

Meeting Date: August 14, 2008.....Agenda Item # 4

Company: Great River Energy & Minnesota Power

Docket No.: ET2/TL-08-712

**In the Matter of the Route Permit Application for the Southdale to
Scearcyville 115 kilovolt High Voltage Transmission Line and Breaker
Station**

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?

Office of Energy Security Staff: Scott Ek.....651-296-8813

Relevant Documents (in Commission Packet)

Notice of Intent June 18, 2008
Route Permit Application Cover Letter July 17, 2008
Route Permit Application July 17, 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.

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).

Documents Attached

1. Figure 3-1 Proposed Project Segments. Great River Energy and Minnesota Power Application to the Minnesota Public Utilities Commission for a Route Permit. July 17, 2008.

Note: Relevant documents and additional information can be found on eDockets (08-712) or the PUC Facilities Permitting website <http://energyfacilities.puc.state.mn.us/Docket.html?Id=19661>.

Statement of the Issues

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?

Introduction

Great River Energy (GRE), a not-for-profit generation and transmission cooperative based in Maple Grove, Minnesota, and Minnesota Power (MP), an investor-owned utility headquartered in Duluth, Minnesota, are proposing to construct the Southdale to Scearcyville 115 kV high voltage transmission line, a new 9.3 mile transmission line and 115 kV breaker station in the city of Baxter and Sylvan Township in Crow Wing and Cass counties, Minnesota.

On June 18, 2008, GRE and MP filed a letter with the PUC indicating they intended to file a route permit application for the project under the alternative permitting process. A route permit application for the project was filed by GRE and MP on July 17, 2008.

The applicants indicate that the addition of new electrical loads and an increase in demand from existing services are causing reliability/delivery concerns in the project area and the existing electrical systems (transmission lines, substations, etc.) are approaching their maximum electrical capacity. The proposed project would add a second 115 kV source to the area; providing for a more reliable transmission system.

Because it is less than 10 miles in length and does not cross state borders, the proposed project does not qualify as a "large energy facility" under Minnesota Statute 216B.2421, subdivision 2(3); therefore, no Certificate of Need is required for the project.

Project Area

Great River Energy proposes to construct the approximately 9.3 mile 115 kV high voltage transmission line and Minnesota Power proposes to construct the breaker station located near its existing "24" 115 kV transmission line. The proposed transmission line extends from the west side of Baxter to the north end of Sylvan Township; the proposed Scearcyville Breaker Station will be located approximately two miles north of Minnesota Trunk Highway (TH) 210 and 0.6 miles east of County State Aid Highway (CSAH) 18.

Project Description

The proposed 115 kV transmission line (“CW-SS”) would connect to GRE’s existing “CW-BS” 115 kV line approximately 1.5 miles south of where it exits the existing Southdale Substation.

The proposed “CW-SS” line would then head west from that connection point to CSAH 36. An existing 34.5 kV distribution line and right-of-way owned by MP also occupies the proposed area from the existing “CW-BS” connection to CSAH 36. Great River Energy proposes to overtake and underbuild the existing 34.5 kV distribution line on the new proposed 115 kV poles along the 3.3 mile segment to CSAH 36 (see attached Figure 3-1).

The proposed “CW-SS” transmission line would head north at CSAH 36 and would run along CSAH 36 for approximately 1.6 miles no longer carrying the existing MP 34.5 kV distribution line. At the 1.6 mile mark the proposed line would head west onto MP owned property and cross at a point 50 feet south of the north property boundary for approximately 0.5 miles to Little Pine Road. The proposed transmission line would turn north following Little Pine Road for approximately 0.3 miles to Minnesota TH 210 (see attached Figure 3-1).

The proposed transmission line would head west along TH 210 and the Burlington Northern Santa Fe railway corridor for approximately 1 mile to CSAH 18. Upon reaching CSAH 18, the proposed transmission line would head north along CSAH 18 for approximately 1.9 miles to the existing MP “24” 115 kV transmission line and “97” 230 kV transmission line right-of-way where the proposed transmission line would be directed northeast, paralleling the existing MP transmission lines for 0.6 miles to connect with the proposed MP Scarcyville 115 kV Breaker Station (see attached Figure 3-1).

The applicants are requesting a proposed route of varying widths. The requested routes widths and lengths vary by segment and range from 100 feet to 700 feet in width. The proposed route widths are depicted on Figures 5-2, 5-3, and 5-4 in the route permit application.

Minnesota Power intends to purchase approximately 10 acres of property near its existing Pine Beach Distribution Substation for construction of the proposed Scarcyville Breaker Station, which will be the termination point of GRE’s proposed “CW-SS” 115 kV high voltage transmission line. The Scarcyville Breaker Station would connect the proposed “CW-SS” transmission line to MP’s existing “24” 115 kV transmission line. In addition, MP would construct approximately 0.1 miles of new 115 kV transmission line to connect the proposed Scarcyville Breaker Station to its existing “24” 115 kV transmission line.

The proposed rights-of-way would also vary in width from 70 total feet along the proposed route that would follow CSAH 36, Little Pine Road, CSAH 18, and TH 210 to 100 total feet where the proposed transmission line would overtake and underbuild the existing MP 34.5 kV distribution line and the proposed route section from CSAH 36 to Little Pine Road.

Segments 1, 2 and 3 of the proposed 9.2 mile 115 kV transmission line will be owned and operated by GRE. The Scarcyville 115 kV Breaker Station and short segments of 115 kV transmission lines (0.1 miles) necessary to connect the station to its existing “24” 115 kV transmission line will be owned and operated by MP.

Regulatory Process and Procedures

Minnesota Statute 216E.03, subpart 2, states, “No person may construct a high-voltage transmission line without a route permit from the commission. A high-voltage transmission line may be constructed only along a route approved by the commission.”

High voltage transmission lines with a voltage between 100 kV and 200 kV are eligible for review under the alternative permitting process (Minnesota Rule 7849.5500) of the Power Plant Siting Act (Minnesota Statutes 216E.04).

Pursuant to Minnesota Rule 7849.5500, subpart 2, applicants are required to provide a 10-day advance notice of intent to the Commission before submitting a route permit application. Review under the alternative permitting process does not require the applicant to propose any alternative sites or routes in the permit application. If the applicant has rejected alternative sites or routes, the applicant must include the rejected routes and reasons for rejecting them in the route permit application (Minnesota Rule 7849.5530).

Route permit applications for high voltage transmission lines reviewed under the alternative permitting process must provide specific information about the proposed project as defined in Minnesota Rule 7849.5530 and 7849.5220, subpart 2. 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 (Minnesota Rule 7849.5540 and 7849.5230).

The review process begins on the date the Commission determines that an application is complete. The Commission has six months to reach a final route permit decision from the date an application is accepted. (Minnesota Rule 7849.5540 and 7849.5230).

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 (Minnesota Rule 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 PUC staff member.

Advisory Task Force

The Commission has the authority to appoint an advisory task force (Minnesota Statute 216E.08). An advisory task force requires representatives of local governmental units and may include interested local persons. A task force can be charged with identifying additional routes or specific impacts to be evaluated in the environmental assessment. The task force terminates upon completion of its charge, upon designation by the Director of the OES of alternative sites or routes to be included in the environmental assessment, or upon the specific date identified by the Commission in the charge, whichever occurs first. The Commission is not required to assign an advisory task force for every project.

If the Commission does not name a task force, the rules allow members of the public to request appointment of a task force (Minnesota Rule 7849.5270, subpart 2). The Commission would need to determine at their next meeting if a task force should be appointed or not.

Environmental Review

Applications for high voltage transmission line route permits are subject to environmental review, which is conducted by OES EFP staff. The staff will provide notice and conduct a public information and environmental assessment scoping meeting to solicit public comments on the scope of the environmental assessment. The Director of the OES will determine the scope of the environmental assessment. The environmental assessment will be completed and made available prior to the public hearing (Minnesota Rules 7849.5570 to 7849.5700).

Public Hearing

Applications for high voltage transmission line route permits under the alternative permitting process require a public hearing upon completion of the environmental assessment pursuant to Minnesota Rule 7849.5710. A portion of the hearing will be held in the counties where the proposed project would be located.

Staff Analysis and Comments

Energy Facility Permitting staff conducted a completeness review of the route permit application. Staff concludes that the applicants met the procedural requirement of Minnesota Rule 7849.5500, subpart 2, by providing the Commission written notice of its intent to submit a route permit application under the alternative permitting process at least 10 days prior to submitting the application. Staff also concludes that the proposed project is eligible for the alternative permitting process and that the application meets the content requirements of Minnesota Rule 7849.5530. The Commission's acceptance of the application will allow OES EFP staff to commence and conduct the public participation and environmental review processes. The applicants have indicated that any additional information necessary for processing the application will be provided promptly.

Advisory Task Force

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

Project Size. At approximately 9.3 miles, the project is relatively short. The requested route widths and lengths vary by segment and range from 100 feet to 700 feet in width. The larger widths are requested by the applicant to allow for greater flexibility in minimizing public and/or environmental impacts. The proposed right-of way widths to be located within the proposed routes are much more defined and range from 70 to 100 feet total.

Complexity. The proposed route is simple and straight forward. Approximately 95 percent of the proposed route uses or parallels existing electric transmission facilities and/or road rights-of-way.

Known or Anticipated Controversy. Energy Facility Permitting staff has received a call from a landowner with property along the route proposed to run north and south along CSAH 36. The landowner expressed dissatisfaction with the preferred route and a desire to see additional alternatives. Staff explained the alternative permitting process, including the opportunities afforded to the public to submit comments and suggestions for alternative routes. The landowner was pleased to know of the available options and, in addition to taking advantage of these opportunities, would advise other landowners with similar concerns about the process. Such concerns and desires for examination of alternative routes are common in the routing process.

Sensitive Resources. The Minnesota State Historical Preservation Office has indicated there is a good probability that unreported archaeological properties could be present in the project area. A phase Ia cultural resource evaluation has already been completed for the project area and did indicate the presence of a historic site within the project area. Great River Energy has stated in the application that should a route permit be granted, a complete phase I survey would be performed prior to any construction in the area of the known multiple component site previously identified in the project area during the phase Ia evaluation. No other sensitive resources have been identified at this time.

Based on the analysis above, staff concludes that an advisory task force is not warranted in this case. The proposed route is relatively short and uses or parallels existing electric transmission facilities and/or road rights-of-way for 95 percent of the proposed route. Staff believes that the alternative permitting process will provide adequate opportunities for the public to identify issues and route alternatives to be addressed in the environmental assessment. Staff can assist local landowners and governmental units in understanding the siting and routing process and identifying opportunities for participating in further development of alternative routes and/or permit conditions.

Commission Decision Options

A. Application Acceptance

1. Accept the Great River Energy and Minnesota Power Southdale to Scarcyville 115 kV High Voltage Transmission Line and Breaker Station Route Permit Application as complete and authorize the Minnesota Office of Energy Security Energy Facilities Permitting staff to process the application under the alternative permitting process pursuant to Minnesota Rules 7849.5500 to 7849.5720.
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 the Minnesota Office of Energy Security 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 proposed structure and charge for the task force.
2. Take no action on an advisory task force at this time.
3. Make another decision deemed more appropriate.

EFP Staff Recommendations: Staff recommends options A1, B1, and C2.

Figure 3-1 Proposed Project Segments

