

The State of Minnesota requires two major approvals before a high-voltage transmission line (HVTL) can be built: a certificate of need (CON) and a route permit.

The Minnesota Public Utilities Commission (Commission) is responsible for making the final decision on both the CON and the route permit. The Office of Energy Security (OES) Energy Facility Permitting (EFP) staff is responsible for conducting the environmental review of a project and preparing an environmental review document. For this project, the document is a draft environmental impact statement (EIS). The final EIS must be found adequate before the Commission can make a final decision on a route permit.

What is the Minnesota Public Utilities Commission?

The Minnesota Public Utilities Commission (Commission) regulates the electricity, natural gas and telephone service industries in Minnesota. Their mission is to create and maintain a regulatory environment that ensures safe, reliable, and efficient utility services at fair and reasonable rates. The Commission makes the final decision on the need for the transmission line as well as its final route.

The CON process is designed to evaluate the need for a large energy project (e.g., a HVTL) in Minnesota, and determine if the project is in the public interest. Evaluation factors include, but are not limited to, (1) whether there are other reasonable alternatives to constructing the facility (including not building the facility), (2) for transmission lines, the best locations for the transmission line to begin and end, and (3) potential environmental impacts of the proposed facility and alternatives. In issuing a CON, the Commission determines the basic types of facility to be constructed, the size of the facility, and when the facility is projected to be in service. The CON process typically takes 12 months to complete.

The route permitting process is designed to locate HVTLs in an orderly manner compatible with

environmental preservation and the efficient use of resources. In deciding on a route, the Commission considers locations that minimize adverse human and environmental impacts and costs while ensuring continued electric power system reliability and integrity.

What is a High-Voltage Transmission Line?

Under the Minnesota Power Plant Siting Act (PPSA), a high-voltage transmission line (HVTL) is defined as any conductor of electric energy and associated facilities designed for and capable of operating at a voltage of 100 kV or more and is greater than 1,500 feet in length. Associated facilities include, but are not be limited to, insulators, towers, substations, switches, and terminals.

3.1 Certificate of Need Process

Minnesota Statutes Section 216B.243 states that a CON is required to site or construct a “large energy facility” in Minnesota. A “large energy facility” is defined in Minnesota Statutes Section 216B.2421 as “any HVTL with a capacity of 200 kilovolts (kV) or more and greater than 1,500 feet in length.”

Xcel Energy and Great River Energy, on behalf of CapX 2020, applied for one CON for three of the Group 1 CapX 2020 transmission line projects, including the Hampton – Rochester – La Crosse project, on August 16, 2007.

After accepting the CON application as complete, the Commission referred the matter to the Office of Administrative Hearings for a hearing before an administrative law judge (ALJ). The ALJ convened 19 public hearings along the anticipated corridors for all three proposed 345 kV transmission lines in the cities of Moorhead, Fergus Falls, Alexandria, Melrose, Clearwater, Marshall, Redwood Falls, Arlington, New Prague, Lakeville, Cannon Falls, Winona, and Rochester.

Evidentiary hearings were held from July 14, 2008, to August 1, 2008; from August 11, 2008, to

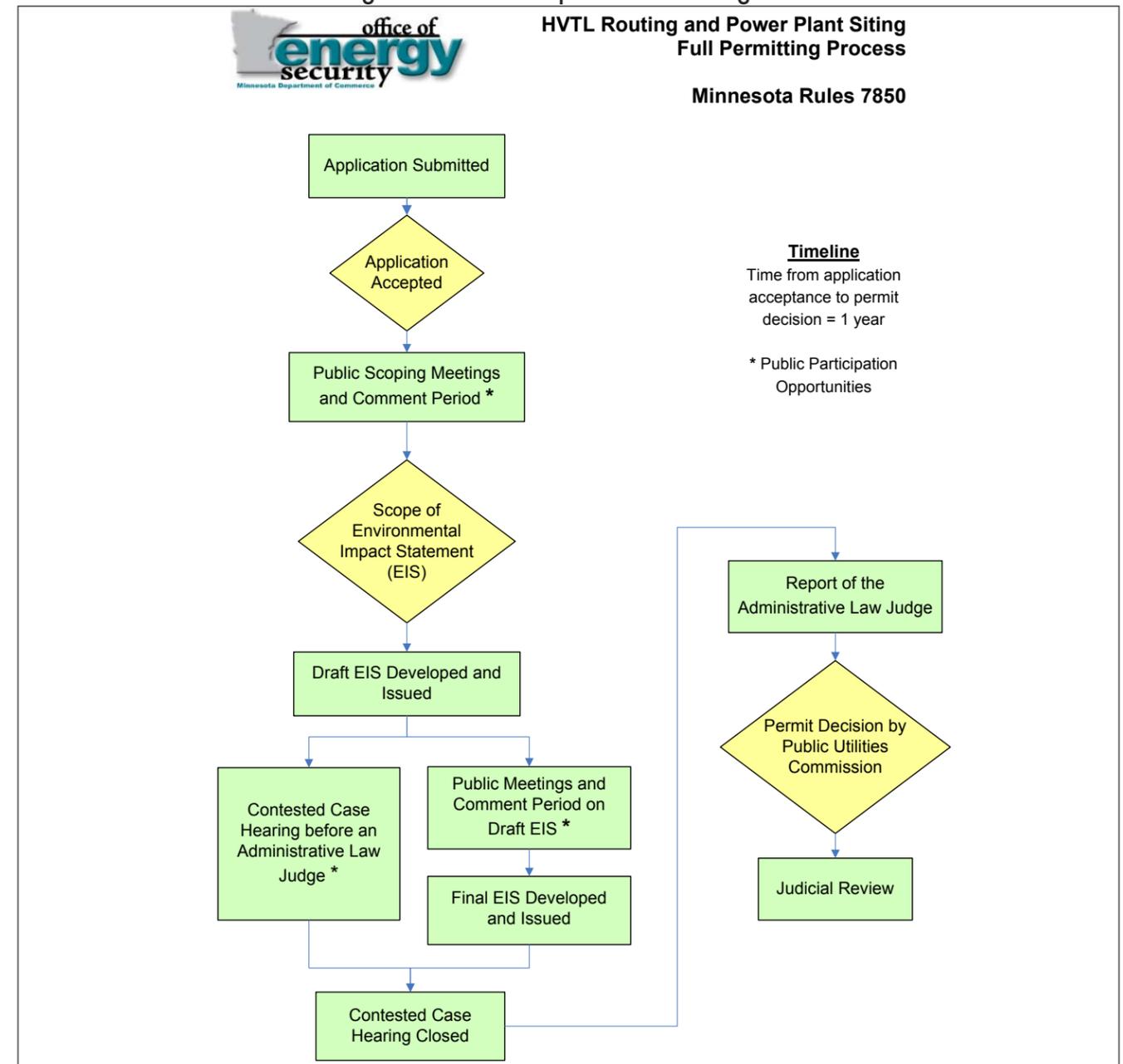
August 14, 2008; and from September 11, 2008, to September 18, 2008, in St. Paul, Minnesota. The ALJ issued Findings of Fact, Conclusions, and a Recommendation (ALJ’s report) to the Commission on February 27, 2009. On May 22, 2009, the Commission issued an order granting a CON with conditions for the Group 1 CapX 2020 transmission line projects.

3.2 Route Permit Process

The Power Plant Siting Act (PPSA) provides that no person may construct a HVTL without a

route permit from the Commission (Minnesota Statutes Section 216E.03, subd. 2). Under the PPSA, a HVTL includes a transmission line of 100 kV or more and greater than 1,500 feet in length, with its associated facilities (Minnesota Statutes Section 216E.01, subd. 4). The applicant’s proposed 161 kV and 345 kV transmission lines by definition are HVTLs and, therefore, require a route permit prior to construction. See Figure 3.3-1 for detailed route permit process.

Figure 3.3-1 Permit process flow diagram



The applicant submitted a route permit application (RPA) for the Hampton – Rochester – La Crosse project to the Commission on January 15, 2010 (Docket No. E002/TL-09-1448). On March 9, 2010, the Commission issued an order accepting the RPA as complete and authorizing the OES to develop and facilitate two advisory task forces. The Commission also referred the RPA to the Office of Administrative Hearings for a contested case hearing.

Scoping the Draft Environmental Impact Statement

RPAs for HVTLs are subject to environmental review in accordance with Minnesota Rules 7850.5200 to 7850.5340 (full permitting process). OES Energy Facility Permitting (EFP) staff are responsible for conducting this environmental review. For this project, the environmental review document is an EIS.

The first step in the review process following acceptance of the RPA is scoping. The scoping process has two primary purposes: (1) to ensure that the public has a chance to participate in determining what routes and issues should be studied in the EIS, and (2) to help focus the EIS on the most important issues surrounding the route permit decision (see Appendix K).

OES EFP staff solicited comments on the scope of the EIS through six public meetings, May 4 through May 6, 2010, at three different locations along the proposed routes: Plainview, Pine Island, and Cannon Falls. A court reporter was present at each of the public meetings to record questions asked and comments made by the public as well as responses from the OES EFP staff and the applicant. OES accepted written comments from the public from April 19 through May 20, 2010. In addition, OES EFP staff received input on the scope of the EIS through two geographically-based advisory task forces (ATFs). These were the Hampton to Northern Hills ATF and the North Rochester to Mississippi River ATF. The task forces each met three times between April and June 2010.

The scoping decision for the EIS was issued by the OES on August 6, 2010, and is presented in Appendix K. In accordance with the scoping

decision, the following issues are not addressed in this EIS:

- Any route or substation alternatives not specifically addressed in the EIS Scoping Decision Document, PUC Docket No. ET2/TL-09-1448.
- Questions of need, including size, type, and timing; questions of alternative system configurations; or questions of voltage.
- The no-build option regarding the HVTL.
- The impacts of specific energy sources, such as carbon outputs from coal-generated facilities.
- Policy issues surrounding whether utilities or local-government should be liable for the cost to relocate utility poles when roadways are widened.
- The manner in which land owners are paid for transmission rights of way (ROW) easements, as that is outside the jurisdiction of the Commission.

Draft EIS Comments

As shown in Figure 3.3-1, the route permitting process is currently at the draft EIS stage. At this point, the OES has issued the draft EIS and is asking the public to review the draft and submit comments so the EIS includes the best information possible for this route decision. The OES will hold public information meetings during the draft EIS comment period to provide information to the public about the draft EIS, and to solicit comments on the draft EIS. All timely, substantive comments received will be included in a final EIS along with responses to these comments, including revisions to the draft EIS.

The EIS does not advocate or state a preference for a specific route or route segment. Rather, the EIS characterizes, analyses, and compares routes and route segments such that citizens, governmental units, agencies, and the Commission can work from a common set of facts.

Public Hearing

After the draft EIS public meetings, public hearings will be held along the proposed routes. The hearings will be conducted by an administrative law judge (ALJ). At the hearing, persons can provide comments regarding the proposed project, routes, structures, and permit conditions. Citizens can advocate for the route(s) they feel are most appropriate for the project. The ALJ will ensure that the record created at the hearing is preserved and transmitted to the Commission. The ALJ will prepare a report to the Commission that will include proposed findings of fact, conclusions of law, and a recommendation for a route.

Final EIS

After the draft EIS comment period, OES EFP staff will prepare a final EIS. The final EIS will include all comments on the draft EIS and staff responses to these comments, including revisions to the draft EIS. The final EIS will be entered into the public hearing record and will be considered by the ALJ in their report and recommendation.

Route Permit Decision

After the final EIS is published and the ALJ issues findings of fact, conclusions of law, and recommendation, the Commission will schedule a meeting at which it will consider a route permit decision. The date for the Commission meeting will not be scheduled until the final EIS and ALJ report are issued.

The Commission must first find that the final EIS has adequately addressed the issues presented in the scoping decision. Then the Commission will make a decision on which route to permit and what conditions to include in the route permit. The Commission is charged with choosing a route that conserves resources, minimizes environmental impacts, minimizes human settlement and other land use conflicts, and ensures the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure (Minn Stat 216E.03). Additionally, Minnesota Rules list a number of factors which the Commission must

consider in making a routing decision (Minnesota Rules 7850.4100):

- Effects on human settlement, including, but not limited to, displacement, noise, aesthetics, cultural values, recreation, and public services.
- Effects on public health and safety.
- Effects on land-based economics, including, but not limited to, agriculture, forestry, tourism, and mining.
- Effects on archaeological and historic resources.
- Effects on the natural environment, including effects on air and water quality resources and flora and fauna.
- Effects on rare and unique natural resources.
- Application of design options that maximize energy efficiencies, mitigate adverse environmental effects, and could accommodate expansion of transmission or generating capacity.
- Use or paralleling of existing ROWs, survey lines, natural division lines, and agricultural field boundaries.
- Use of existing large electric power generating plant sites.
- Use of existing transportation, pipeline, and electrical transmission systems or ROWs.
- Electrical system reliability.
- Costs of constructing, operating, and maintaining the facility which are dependent on design and route.
- Adverse human and natural environmental effects which cannot be avoided.
- Irreversible and irretrievable commitments of resources.