MINNESOTA DEPARTMENT OF COMMERCE
ENERGY FACILITY PERMITTING STAFF BRIEFING PAPERS

Meeting Date: December 20, 2005 Agenda Item # _____

Company: Otter Tail Power Company; Central Minnesota Municipal Power Agency; Great River Energy; Heartland Consumers Power District; Montana-Dakota Utilities Company; Southern Minnesota Municipal Power Agency; and Western Minnesota Municipal Power Agency (collectively, the "Applicants")

Docket No. ET6131;ET2;ET6130;ET10;ET6444;E017;ET9/TR-05-1275

In the Matter of the Application to the Minnesota Public Utilities Commission for a Route Permit for the Big Stone Transmission Project in Western Minnesota.

Issue(s): Should the Minnesota Public Utilities Commission accept the application? Should the Commission take any additional actions at this time?

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Relevant Documents (Enclosed in Commission Packet. See eDockets or the PUC website for these and other documents associated with this docket.)

1. Application by Otter Tail Power Company, et al., for a High Voltage Transmission Line Routing Permit, submitted December 9, 2005.
2. General location map of the Big Stone Transmission Project.
3. Minnesota Rules 4400.1025 to 4400.1900
4. Schematic of Permitting Process for Transmission Lines.

The enclosed materials are work papers of the Department of Commerce Energy Facility Permitting 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).

Statement of the Issue

Should the Public Utilities Commission (Commission) accept or reject the application for a route permit filed by the Applicants for a high voltage transmission line (HVTL) to provide interconnection services in western Minnesota and to accommodate the Big Stone II Plant in Big Stone City, South Dakota? Should the Commission take any additional actions at this time?

Introduction

Otter Tail Power Company et al., have filed an application for a routing permit under Minnesota Statutes 116C.57. (See item # 1 in the Commissioner packet.) The Applicants are proposing to build two separate high voltage transmission lines. One line would run north and east from the Big Stone Plant in Big Stone City, South Dakota, to Morris, Minnesota, and a second line would run south from the Big Stone Plant within South Dakota, then east to Canby, Minnesota, and on to Granite Falls, Minnesota. The corridors for those lines are more specifically described below:

Line One (the "Morris" line) – Big Stone to Morris, Minnesota:

• a new 230 kV transmission line from the Big Stone Plant to Ortonville, Minnesota (approximately seven miles long, two miles of which are located in Minnesota);

• the rebuild of an existing 115 kV transmission line to 230 kV from Ortonville, Minnesota, to the Johnson Junction switching station located in Johnson, Minnesota (approximately 25 miles), and then from the Johnson Junction switching station to the Morris substation near Morris, Minnesota (approximately 16 miles).

Line Two (the "Granite Falls" line) – Big Stone to Granite Falls, Minnesota:

• a new line capable of operating at 345 kV from the Big Stone Power Plant to Canby, Minnesota, traveling due south in South Dakota, and most likely crossing the Minnesota-South Dakota border due west of Canby (approximately 54 miles, approximately 14 miles of which are in Minnesota);

• the rebuild of an existing 115 kV transmission line from Canby, Minnesota, to Granite Falls, Minnesota (approximately 39 miles), to a line which is also designed and capable of operating at 345 kV, but which would likely operate at 230 kV initially. The line would terminate at either the Minnesota Valley substation or the Granite Falls substation.

(See accompanying map, item # 2 in the Commissioner's packet.)

Route Alternatives

Applicants submitting a route application under the full permitting process must provide a proposed and an alternative route for consideration. The applicants have proposed two separate route alignments within each of the above corridors.

Additionally, they have proposed route alignments within a corridor from Ortonville to Willmar referenced in the Certificate of Need Application. Also, two additional corridors under review in the Federal EIS being prepared by Western Area Power Association (Western) have received route alternative considerations in the route permit application. One corridor is a variation along the Willmar corridor, and another is a corridor running on the Minnesota side of the South Dakota border between Ortonville and Canby.

Transmission Routing Application Regulation

Under the Power Plant Siting Act (Minnesota Statutes 116C.51 to 116C.69) a route permit from the Public Utilities Commission is required to build a high voltage transmission line. An HVTL is a transmission line and associated facilities capable of operation at 100 kilovolts or more. The rules for the administration of transmission line route permits are found at (Minnesota Rules Chapter 4400).

The PUC rules establish the requirements for submitting and processing a permit application under the full permitting process. (Minnesota Rules 4400.1035 to 4400.1900) As part of the permitting process, the Minnesota Department of Commerce (DOC) prepares an Environmental Impact Statement on the project and holds a contested case hearing. The PUC has up to one year from the time the application is accepted to complete the process and make a decision on the permit.

In the Big Stone Transmission Project, the PUC has recommended a joint process for the Certificate of Need and the Routing processes and has authorized joint hearings for public input.

Public Advisor

Upon acceptance of an application for a route permit, the Commission shall designate a staff person to act as the public advisor on the project. (Minnesota Rule 4400.1450) 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 Department to name a staff member from EFP staff as the public advisor. Otherwise, the Commission could assign a PUC staff member as the public advisor.

Citizen Advisory Task Force

The Commission has the authority to appoint a citizen advisory task force (Minnesota Rule 4400.1600). The PUC can charge the task force with identifying additional routes or with identifying particular impacts to be evaluated in the environmental impact statement. The Commission may establish additional charges, including a request that the task force express a preference for a specific route if it has one.

The Commission is not required to assign a citizen advisory task force for every project. There are possible reasons in this case why the Commission may find a task force is not necessary. The preferred routes proposed by the Applicants follow established rights-of-way and replace existing lines. There are alternative routes proposed within the same corridors as the preferred routes, and additional routes proposed in other corridors (see attached map). The Commission would need to decide if charging a task force with identifying additional routes is practical or necessary.

The public has had and will have numerous opportunities to participate in and have input into the process. DOC EFP staff will be holding scoping meetings for the EIS upcoming in January. There are five meetings preliminarily scheduled. Additionally, Western has already held meetings throughout the area for the federal EIS process. Western has used an evaluation of impacts to determine potential corridors and to eliminate untenable alternatives in the area. The Commission would need to decide if charging a task force with identifying additional impacts would be necessary or an efficient use of resources.

Naming a task force can potentially improve the level of public participation and involvement in the permitting process. Local input can help identify site specific route information. Historically, the Environmental Quality Board Chair has named a citizen advisory task force in several instances involving major transmission projects. If the Commission does not name a task force, the rule (subp. 2) allows for a person to request that they do so. The Commission would then need to determine at their next meeting if a task force should be appointed.

The decision on whether to assign a citizen advisory task force does not need to be made at the time of accepting the application. However, as guided by the rule and considering the efficiency of process, the Commission should make the determination as early in the process as possible.

EFP Staff Analysis and Comments

DOC EFP staff has completed a review of the applicable rules and the Applicants' route permit application for completeness. The Applicants must provide the information required by Minnesota Rules 4400.1150 and 4400.3150, including route descriptions and the potential impacts on the environment, the economy, health and human resources, and natural resources.

Minnesota Rule 4400.1250 subp. 3 states that the Commission can reject the application for deficiencies. However, the Commission can not find the application deficient if the required information can be provided by the applicant within 60 days and the lack of the information will not interfere with the public's ability to review the proposed project.

EFP staff has concluded the application is complete and that the Commission should accept the application. Application acceptance allows the applicant and staff to initiate the requirements of the rules.

The Applicants have indicated that they will comply with requests for additional information from the Commission, the Department, or other interested persons.

Commission Decision Options

1. Accept the application of Otter Tail Power Company, et al., for a route permit under the full permitting process. Accepting the application marks the start date for the one year process and allows the DOC EFP Staff and the Applicants to initiate the actions required by Minnesota Rules 4400.1035 to 4400.1900. These actions include providing project descriptions to landowners, publishing notice of information meetings, and initiating the scoping and EIS process required under the rules. The Commission authorizes the Department to name a public advisor for the project;

2. Accept the application of Otter Tail Power Company, et al., for a route permit under the full permitting process. Accepting the application marks the start date for the one year process and allows the DOC EFP Staff and the Applicants to initiate the actions required by Minnesota Rules 4400.1035 to 4400.1900. These actions include providing project descriptions to landowners, publishing notice of information meetings, and initiating the scoping and EIS process required under the rules. The Commission authorizes the Department to name a public advisor for the project. The Commission also authorizes the establishment of a citizen advisory task force and orders DOC staff to develop a proposed structure and charge for the task force;

3. Reject the application as incomplete and issue an order indicating the specific deficiencies to be remedied before the application can be accepted; or

4. Make some other decision deemed more appropriate.

EFP Staff Recommendation

Staff recommends Option #1 or Option #2.