



Energy Facility Permitting
85 7th Place East, Ste 500
Saint Paul, MN 55155-2198
Minnesota Department of Commerce

April 25, 2006

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 Department of Commerce Energy
Facility Permitting Staff
Docket No. E002/TL-06-459

Dear Dr. Haar:

Attached are the comments and recommendations of the Minnesota Department of Commerce (DOC) Energy Facility Permitting (EFP) Staff in the following matter:

In the Matter of Northern States Power Company's (d/b/a Xcel Energy) application for a HVTL Route Permit. The facility (i.e., Cannon Falls Transmission Project) for which the permit is requested is a 0.98 mile (5,170 ft) double circuit 115 kV/115 kV transmission line, 1.3 miles (6,945 ft) of two single circuit 115 kV transmission lines, a new substation (Colvill) and the expansion of the Cannon Falls Transmission Substation.

The proposed improvements are required to support the interconnection of a new generation facility (i.e., the Cannon Falls Energy Center, permitted by the EQB on March 30, 2005) being constructed by Invenergy Cannon Falls, LLC.

The Department is providing you with:

- A. Comments and Recommendations;
- C. Flow-chart schematic of the Alternative Permitting Process;
- D. General route location map.

The Department EFP staff recommends acceptance of the HVTL 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,

William Cole Storm, DOC EFP Staff

Enclosures



Energy Facility Permitting
85 7th Place East, Ste 500
Saint Paul, MN 55155-2198
Minnesota Department of Commerce

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
ENERGY FACILITY PERMITTING STAFF

DOCKET No. E002/TL-06-459

Meeting Date: May 4, 2006.....Agenda Item #

Company: Northern States Power Company d/b/a Xcel Energy

Docket No. PUC Docket Number: E002/TL-06-459

In the Matter of Northern States Power Company's (d/b/a Xcel Energy)
application for a HVTL Route Permit.

Issue(s): Should the Minnesota Public Utilities Commission accept or reject the
HVTL Permit Application? Should the Commission authorize a citizen's
advisory task force at this time?

DOC Staff: William Cole Storm.....651-296-9535

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

Relevant Documents (in Commission Packet).

1. NSP Company's (d/b/a Xcel Energy) HVTL Permit Application, Dated April 25, 2006;

Documents Attached.

1. Comments and Recommendations;
2. Flow-chart schematic of the Alternative Permitting Process;
3. General route location map.

(Note: Relevant documents and additional information can be found on eDockets (E002/TL-06-459) or the PUC Facilities Permitting website <http://energyfacilities.puc.state.mn.us/>)

Statement of the Issue

Should the Public Utilities Commission (PUC) accept or reject the HVTL permit application for the Cannon Fall Transmission Line Project filed by the Applicant for a high voltage transmission line to be located just northwest of the city of Cannon Falls in Douglas, Hampton and Randolph townships in Dakota County and Cannon Falls Township in Goodhue County.

Should the Commission authorize a citizen's advisory task force at this time?

If the application is accepted, the PUC needs to notify the applicant in writing of the acceptance. If the application is rejected, the PUC must advise the applicant of the deficiencies in the application.

Introduction

On March 30, 2005, the Environmental Quality Board issued a Large Electric Power Generating Plant (LEPGP) Site Permit to Invenergy Cannon Falls, LLC (EQB Docket No. 04-85-PPS-Cannon Falls EC) to construct and operate a LEPPG in Cannon Falls, Minnesota. The Cannon Falls Energy Center (CFEC) will consist of two simple cycle combustion turbines. The nominal capacity of the facility will be 357 MW. The primary fuel will be natural gas with low sulfur distillate fuel oil as a backup.

The Cannon Falls Energy Center is being developed under an executed power purchase agreement between Invenergy Cannon Falls, LLC and Northern States Power d/b/a Xcel Energy. The entire output of the CFEC is dedicated to meet the PUC approved need (In the Matter of Northern States Power Company's Application for approval of its 2000-2014 Resource Plan) and therefore did not require a Certificate of Need (CON).

As part of the current request before the PUC, Xcel Energy proposes construction of a 0.98 mile (5,170 ft) double circuit 115 kV/115 kV transmission line, 1.3 miles (6,945 ft) of two single circuit 115 kV transmission lines and the construction of a 161 kV/115 kV substation. The new substation, identified as the Colvill Substation, will be located within the CFEC property. The proposed Cannon Falls Transmission Project is required to support the interconnection of the Cannon Falls Energy Center.

The proposed 115 kV transmission line does not qualify as a “large energy facility” because it is less than 10 miles long (Minn. Stat. 216B.2421, subd. 2(3)). Therefore, no CON is required for the proposed project.

Regulatory Review Process

Xcel Energy notified the PUC by letter dated March 20, 2006, that the Company intended to utilize the Alternative Permitting Process for the proposed Cannon Falls Transmission Line Project. This complies with the requirement of Minn. R. 4400.2000, subp. 2, to notify the PUC at least 10 days prior to submitting an application (The Power Plant Siting Act identifies the projects that qualify for review under the Alternative Review Process. Minn. Stat. 116C.575, subd. 20).

Xcel Energy filed the HVTL route permit application on April 25, 2006.

The application will be reviewed under the Alternative Review Process (Minnesota Rules 4400.2010) of the Power Plant Siting Act (Minnesota Statutes 116C.51 to 116C.69). Under the Alternative Review Process, an applicant is not required to propose any alternative sites or routes. The Department of Commerce Energy Facility Permitting Staff prepares a document called an Environmental Assessment, and a public hearing is required but it need not be a contested case hearing. The PUC has six months to reach a decision under the Alternative Process from the time the application is accepted. A schematic of the Alternative Review Process is included with these materials (See attachment # 2).

The official process begins with the determination by the PUC that the application is substantially complete. If accepted May 4, 2006, the final route permit decision must be made by November 4, 2006.

Public Advisor

Upon acceptance of an application for a site and/or 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 the EFP staff as the public advisor. Otherwise, the Commission could assign a PUC staff member as the public advisor.

Citizen Advisory Task Force

The PUC 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 review. The PUC may establish

additional charges, including a request that the task force express a preference for a specific route if it has one.

The PUC is not required to assign a citizen advisory task force for every project.

There are possible reasons in this case why the PUC may find a task force is not necessary. The proposed HVTL is short, approximately 2.5 miles in length, in which the majority of the route follows existing roadway corridors through areas identified as agricultural, low density residential and industrial land use. Approximately 1,500 ft² (0.03 acres) of agricultural land will be permanently impacted by the project. There is one residence located within 200 feet of the proposed southern single circuit 115 kV transmission line route and three residences within 300 feet of the double circuit 115kV/115kV transmission line route. Preliminary review of the HVTL route application suggests that the human and environmental impacts will be minimal.

The public will have numerous opportunities to participate in and have input into the process. The DOC EFP staff will also be holding a public information and EA scoping meeting in the area. Additionally, the public will have opportunities to provide input and comments at the public hearing.

Naming a task force can potentially improve the level of public participation and involvement in the permitting process. Local input can help identify location specific site/route information. Historically, the Environmental Quality Board Chair has named a citizen advisory task force in several instances involving major transmission projects. If the PUC does not name a task force, the rule (subp. 2) allows for a citizen to request that they do so. The PUC 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 PUC should make the determination as early in the process as possible.

The PUC would need to decide if charging a task force with identifying additional sites/routes is practical or necessary.

EFP Staff Analysis and Comments

DOC EFP staff has completed a review of the applicable rules and the Applicant's HVTL 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 subpart 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 PUC should accept the application with the understanding that if additional information is requested by the DOC EFP staff these requests will be addressed promptly. 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.

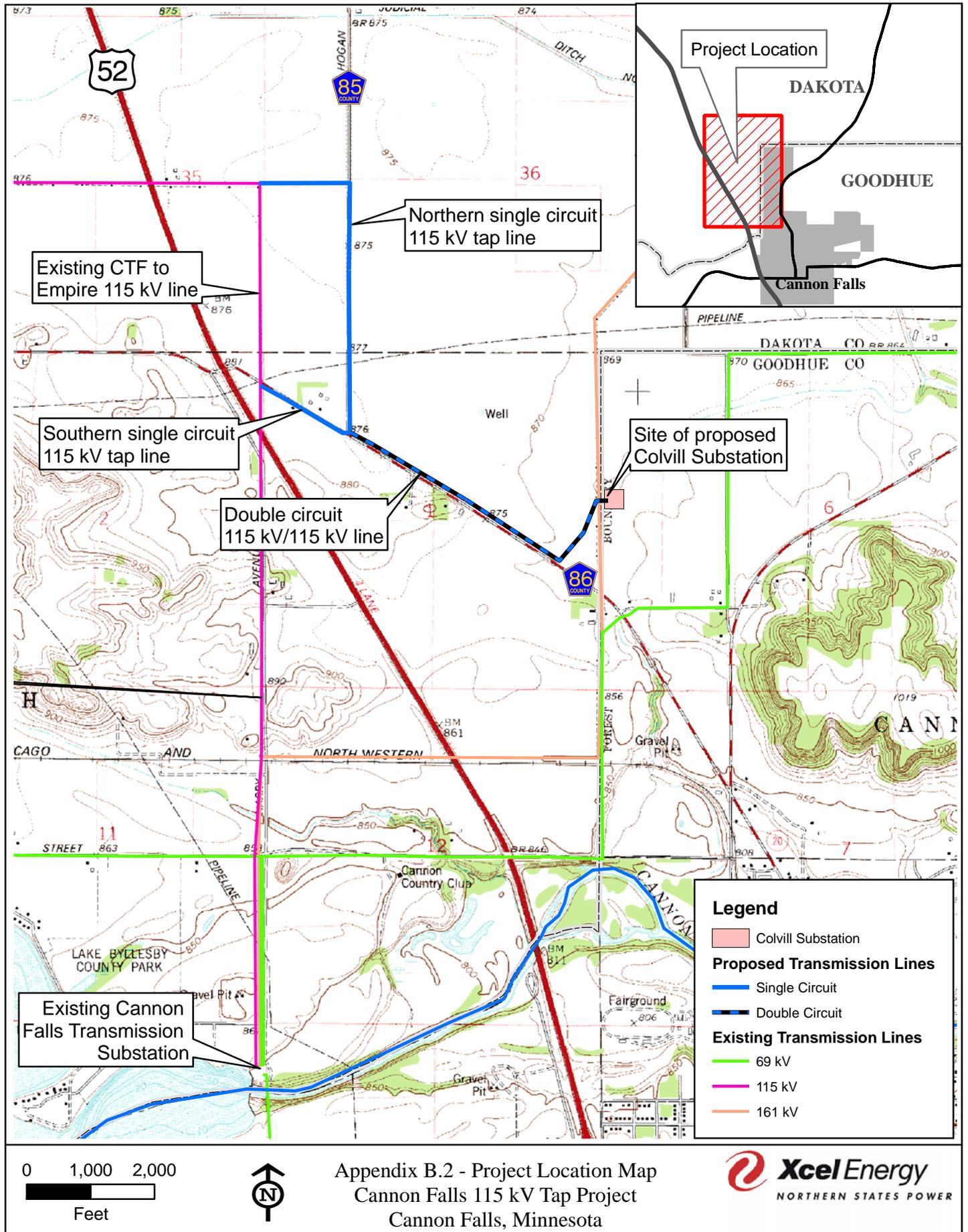
Given the size and scope of the proposed project, DOC EFP staff has concluded that a citizens advisory task force is not warranted in this case.

Commission Decision Options

1. Accept the HVTL Route permit application submitted by Xcel Energy for the Cannon Falls Transmission Line Project. Accepting the HVTL Route permit application marks the start date for the six month process and allows the DOC EFP Staff and the Applicants to initiate the actions required by Minnesota Rules 4400.2010. These actions include providing project descriptions to landowners, publishing notice of information meetings, and initiating the scoping and EA process required under the rules. The Commission authorizes the Department to name a public advisor for the project;
2. Accept the HVTL Route permit application submitted by Xcel Energy for the Cannon Falls Transmission Line Project. Accepting the HVTL Route permit application marks the start date for the six month process and allows the DOC EFP Staff and the Applicants to initiate the actions required by Minnesota Rules 4400.2010. These actions include providing project descriptions to landowners, publishing notice of information meetings, and initiating the scoping and EA 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 authorizes 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.



HVTL Route and Power Plant Site Alternative* Permitting Process

Minn. Rule 4400.2000 to 4400.2900

