

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer
Ken Nickolai
Marshall Johnson
Phyllis Reha
Thomas Pugh

Chair
Commissioner
Commissioner
Commissioner
Commissioner

To: Service List

SERVICE DATE: **SEP 22 2006**

DOCKET NO. E-002/TL-06-459

In the Matter of the Application of Xcel Energy for a HVTL Route Permit for the Cannon Falls 115kV Transmission Project

The above entitled matter has been considered by the Commission and the following disposition made:

Approved and adopted the Findings of Fact, Conclusions and Order (Attachment A) which

(1) determines that the environmental assessment and the record created at the public hearing address the issues identified in the Environmental Assessment Scoping Decision;

(2) designates a corridor for the construction of a 0.98 mile (5,170 ft) double circuit 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 as proposed in Xcel Energy's HVTL Route Permit Application, dated April 25, 2006; and

(3) issues a HVTL route permit to Xcel Energy (Attachment B).

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary

(S E A L)

Enclosures:

Attachment A: Findings of Fact, Conclusions and Order
Attachment B: Route Permit

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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: September 21, 2006 Agenda Item # 6

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

Docket No. **E002//TL-06-459**
In the matter of the Application of Xcel Energy for a Transmission Route Permit under the Alternative Permitting Process for the Cannon Falls Transmission Line Project in Goodhue and Dakota Counties.

Issue(s): Should the Commission find that the environmental assessment and the record address the issues identified in the Scoping Decision?
Should the Commission issue a route permit identifying a route for the proposed 115 kV CFTL Project in Goodhue and Dakota counties?

DOC Staff: William Cole Storm 651-296-9535

Relevant Documents (in Commission Packet)

Route Permit Application	April 25, 2006
PUC Order: Application Acceptance, Authorization of Public Advisor	May 9, 2006
Scoping Decision	June 14, 2006
Environmental Assessment.....	July 1, 2006
Xcel Energy Evaluation of Implication of MNDOT Vision 52.....	August 11, 2006

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).

Documents Attached

- Attachment A. Findings of Fact, Conclusions of Law and Order
- Attachment B. Proposed Route Permit
- Attachment C. Exhibit List

(Footnote: see eDockets (06-459) or the PUC Facilities Permitting website for additional documents <http://energyfacilities.puc.state.mn.us>)

Statement of the Issue

Should the Commission find that the environmental assessment (EA) and the record address the issues identified in the Scoping Decision? Should the Commission issue a route permit identifying a route for the proposed 115 kV CFTL Project in Goodhue and Dakota counties?

Introduction and Background

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).

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.

The Applicant

The Applicant is Northern States Power d/b/a Xcel Energy.

Project Description and Location

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 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.

Regulatory Process and Procedures

A route permit from the PUC is required to construct a High Voltage Transmission Line (HVTL), which is a transmission line and associated facilities capable of operation at 100 kilovolts or more. The Power Plant Siting Act requirement became law in 1973 in Minnesota Statutes, 116C.51 through 116C.69. The rules to implement the permitting requirement for an HVTL are in Minnesota Rules Chapter 4400.

The application was 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 (EFP) staff holds an initial public information/scoping meeting, develops a scoping decision recommendation, 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.

Application & Acceptance

On April 25, 2006, Xcel Energy submitted a route permit application to the Minnesota Public Utilities Commission for the proposed project.

On May 9, 2006, the Commission accepted the application as complete.

Public Information and EA Scoping Meeting

On June 5, 2006, staff from the DOC's EFP Unit held the initial public information/scoping meeting in Cannon Falls. The purpose of the public meeting was to provide the public with information about the project, afford the public an opportunity to ask questions and present comments, and to solicit input on the content of the EA.

The comment period was held open until 5:00 pm June 12, 2006.

The EA Scoping Decision was signed by the DOC Commissioner on June 14, 2006. The EA was made available on July 1, 2006.

Public Hearing

A public hearing was held on Wednesday, August 30, 2006, at the Cannon Falls Government Center. Deborah Pile, DOC EFP Unit Supervisor, presided over the hearing. Public comments were accepted until September 11, 2006.

The record containing all required documentation in this case is summarized on the project Exhibit List provided as Attachment C to these comments. Additional documents pertaining to this project are available on the PUC webpage:

Public Comments

No public comment letters were received during the scoping process for the EA. At the public informational/EA scoping meeting a landowner impacted by the proposed HVTL route brought to the attention of DOC EFP staff potential changes (i.e., Vision 52) to the interchange of TH 52 and CR 86 proposed by the Minnesota Department of Transportation (MNDOT). The landowner requested that the EA evaluate routing the proposed HVTL along one of the options (i.e., Option A2) proposed in Vision 52 for this interchange. This comment was incorporated into the Scoping Decision and EA document.

At the public hearing, discussion included the merits of the proposed route and route alternatives evaluated relative to the MNDOT Vision 52 proposals and questions were raised about specific alignments within the proposed HVTL corridor.

No written comments were received during the comment period following the hearing.

Standards for Permit Issuance

The Power Plant Siting Act sets standards and criteria and outlines the factors to be considered in determining whether to issue a permit for a HVTL (Minnesota Statute 116C.57 and Minnesota Rules 4400.3050 – 4400.3150). Also, the law allows the PUC to place conditions on HVTL permits (Minnesota Statute 116C.57 and Minnesota Rule 4400.3650).

DOC EFP Staff Analysis and Comments

Findings of Fact, proposed Route Permit and Record

Staff has prepared draft Findings of Fact, Conclusions of Law and Order (Attachment A), and a proposed Route Permit (Attachment B). The Findings indicate that the permitting process has been conducted in accordance with Minnesota Rules Chapter 4400, identifies route impacts and mitigation measures, and makes conclusions of law. The proposed Route Permit includes measures to ensure the line is constructed in a safe, reliable manner and that impacts are minimized or mitigated. A list of documents that are part of the record in this proceeding are included on the attached Exhibit List (Attachment C).

Analysis

DOC EFP staff reviewed the original proposed HVTL route corridor and those routing options developed in consideration of MNDOT's Vision 52 plans and input from local landowners. After evaluating these alternatives and in discussions with the affected stakeholders, a consensus was reached that the proposed HVTL route corridor, incorporating enough flexibility (width) to allow Xcel Energy to maximize the accommodation of individual landowners (i.e., specific alignment of the ROW) needs, was the preferred option.

PUC Decision Options:

- A. Approve and adopt the Findings of Fact, Conclusions and Order which (1) determines that the environmental assessment and the record created at the public hearing address the issues identified in the EA Scoping Decision; (2) designates a corridor for the 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 as proposed in Xcel Energy's HVTL Route Permit Application, dated April 25, 2006, and; (3) issues a HVTL route permit to Xcel Energy.
- B. Approve and adopt the Findings of Fact, Conclusions and Order as above while imposing any further permit conditions as deemed appropriate.
- C. Amend the Findings of Fact, Conclusions and Order and Route Permit as deemed appropriate.
- D. Make some other decision deemed more appropriate.

Department of Commerce Staff Recommendation:

Staff recommends Option A.

STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

ATTACHMENT A

<p>In the Matter of Xcel Energy's Application under the Alternative Permitting Process for a Route Permit for the Cannon Falls Transmission Line Project</p>	<p>FINDINGS OF FACT, CONCLUSIONS AND ORDER ISSUING A ROUTE PERMIT FOR 115 kV TRANSMISSION LINE AND ASSOCIATED FACILITIES</p> <p>MPUC DOCKET NO.</p> <p>E002/TL-06-459</p>
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The above-captioned matter came before the Minnesota Public Utilities Commission (PUC) on September 21, 2006, pursuant to an application by Northern States Power Company d/b/a Xcel Energy (Xcel Energy or Company) for a Route Permit to construct two new 115 kV single circuit transmission lines, 1.3 miles in length, a new double circuit 115 kV transmission line .98 miles in length, a new Colvill Substation and an expansion of Cannon Falls Transmission Substation.

Appearances: Lisa M. Agrimonti, Briggs and Morgan, P.A., 2200 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402, appeared on behalf of the applicant Xcel Energy; William Storm appeared on behalf of the staff of the DOC (DOC Staff).

A public hearing was held at 7:00 p.m. on August 30, 2006. The hearings continued until all persons who desired to speak had done so. The record closed on September 11, 2006 at 4:00 p.m. The hearing was presided over by Ms. Deborah Pile, member of the Minnesota Department of Commerce (DOC) Energy Facility Permitting Staff, on Wednesday, August 30, 2006, at the City Council Chambers, Cannon Falls Government Center in Cannon Falls, Minnesota

STATEMENT OF ISSUE

Should Xcel Energy be granted a Route Permit to expand the existing Cannon Falls Transmission Substation, construct a new Colvill Substation, build two single circuit 115 kV transmission lines from two taps of the existing Cannon Falls Transmission Substation (CFT Substation) to Empire 115 kV transmission line and build a double circuit 115 kV transmission line to the new Colvill Substation? If so, which routes should be selected for the transmission lines, what substation site should be chosen for the substation and what conditions should be imposed?

Based upon all of the proceedings herein, the Minnesota Public Utilities Commission (PUC) makes the following:

FINDINGS OF FACT

The Applicant

1. The Applicant is Xcel Energy.

The Project

2. The proposed project consists of the following components, which collectively are referred to as the "Project."

(a) A new Colvill Substation which will be located within the Cannon Falls Energy Center Property;

(b) 1.3 miles (6,945 ft) of two single circuit 115 kV transmission lines and a 0.98 mile (5,170 ft) double circuit 115 kV/ 115 kV transmission line and associated facilities connecting the existing CFT to Empire 115 kV transmission line and to a new Colvill Substation; and

(c) Expansion of the existing CFT Substation.

3. For the single circuit portion of the lines, the structures are proposed to be wood poles with horizontal line post insulators for the tangent structures and steel single post structures on concrete foundations for the angle structures. The double circuit line will be constructed with galvanized steel single poles with davit arms. Foundations will be used on the angle structures for the double circuit line.

4. The conductors will be 477 kcmil 26/7 ACSS.

5. The Project is located in the counties of Goodhue and Dakota in Minnesota and is required to support the interconnection of the Cannon Falls Energy Center.

Procedural History

6. On March 20, 2006, Xcel Energy notified the PUC that it intended to apply for a Route Permit under the Alternative Permitting Procedures set forth in Minn. Rules parts 4400.2000 to 4400.2950. Exhibit 1.

7. On April 25, 2006, Xcel Energy applied to the PUC for a Route Permit for a new Colvill Substation, two new single-circuit 115 kV transmission lines expanding the existing CFT, and associated facilities. Exhibit 2 (Application).

8. The Application identified Xcel Energy's preferred locations for the lines and the new substation as follows:

(a) Northern Single Circuit: The northern 115 kV transmission line will total approximately 1.0 mile long and will connect to the existing Cannon Falls-Empire line in Section 35, Township 113, Range 18 (approximately 0.3 mile west of TH 52). This new

line will continue east 0.27 mile to CR 85, where the line will turn south, along the east side of CR 85 for approximately 0.74 mile until it meets the new Southern Single Circuit line at the junction of CR 85 and CR 86.

(b) Southern Single Circuit: The southern 115 kV transmission line will total approximately 0.3 mile long and will connect to the existing Cannon Falls-Empire line at the location where the existing line intersects Rochester Road/CR 86, east of TH52. This new line will continue east 0.27 mile to CR 85, where the line will turn south, along the southeast along the south side of CR 86 to where it will join the Northern Single Circuit.

(c) Double Circuit: The two lines (i.e., Northern and Southern Single Circuit) will continue southeast to the new Colvill substation site as 115 kV/115 kV double circuit structures along the north side of CR 86 for approximately 0.73 mile. There the lines will turn northeast for approximately 1,115 feet, then turn east for approximately 180 feet, entering the proposed Colvill substation site.

(d) Colvill Substation: The new substation will be constructed approximately 1,000 feet north of the intersection of Rochester Boulevard, County Highway 29, and CR 86 on approximately 2.3 acres within the proposed Cannon Falls Energy Center site.

9. The DOC Staff recommended that the PUC accept the Application as complete in comments dated April 25, 2006. Exhibit 3.

10. The PUC accepted the Application as complete in an order dated May 9, 2006 and began the review process. Exhibit 5.

11. Xcel Energy published notice in the Cannon Falls *Beacon* and the *Hastings Star Gazette* on May 11, 2006, and in the Farmington/Lakeville *This Week* on May 13, 2006. The notice announced that the Application had been filed with the PUC and that a public meeting would be held on June 5, 2006, at 7:00 p.m. at the City Council Chambers, Cannon Falls Government Center in Cannon Falls, Minnesota.

12. On May 8, 2006, Xcel Energy mailed its first notice of the filing of the permit Application to those persons whose name appeared on the PUC's general notification list, local officials and property owners in compliance with Minn. Rule part 4400.1350, Subp. 2. Exhibit 4.

13. On May 22, 2006, a Notice of Public Informational/Scoping Meeting was published in the EQB Monitor. Exhibit 8.

14. On May 31, 2006, Xcel Energy sent its second notice of application filing and public informational/scoping meeting to the General List, local officials and property owners.

15. A public meeting was held in Cannon Falls, Minnesota on June 5, 2006 in accordance with Minn. Rule part 4400.2500. During the meeting, one landowner voiced concerns related to the implications of the Minnesota Department of Transportation's (MNDOT's) Highway 52 and County Road 86 interchange (MNDOT Vision 52) on the potential route and the specific alignment options for the transmission line along given properties.

Specifically, the landowner expressed a preference for Xcel Energy to follow an alignment that would match up with one of the proposed County Road 86/ Highway 52 interchange alternatives and avoid placing the proposed transmission line in front of the home she owned. These issues, along with the typical line routing impacts, were incorporated into the proposed order on the Environmental Assessment Scoping Decision. The DOC accepted public comments on the scope of the EA until June 12, 2006. No other comments were received.

16. On June 14, 2006, the Commissioner of the DOC issued a Scoping Order setting the scope of the Environment Assessment. Exhibit 10.

17. On June 15, 2006 the DOC mailed the Scoping Decision to persons on the PUC Cannon Falls Project list. Exhibit 11.

18. In response to the landowner's concerns regarding Project alignment with MNDOT Vision 52, which were raised at the June 5 public hearing, Xcel Energy assessed two alternative routing options. Exhibit 12, Figures 8 and 9. In Alternative 1, Xcel Energy would tap the existing CFT Transmission line 130 feet north of its originally proposed route and follow a route that would place the new single circuit 115 kV line just north of the grove of trees. Where the line meets CR 85, it would follow along the west side of the road. The North tap line would follow along the east side of CR 85 for its entire length. Alternative 1 would increase the costs of the Project by approximately \$121,000. The impacts to agricultural lands would be increased, but less clearing would be required and the line would be further away from the residences on CR 86. Under Alternative 2, Xcel Energy would tap the existing Cannon Falls Transmission Line 590 feet north of its original proposed route and follow the property line to CR 85. Where the line meets CR 85, it would follow along the west side of the road. The North tap line would follow along the east side of CR 85 for its entire length. Alternative 2 would increase costs by about \$137,000. Like Alternative 1, the impacts on agricultural lands would be increased, but less clearing would be required and the line would be further away from the residences on CR 86. Xcel Energy submitted this assessment to the PUC on July 18, 2006. Exhibit 13.

19. On August 9, 2006, the DOC mailed a Notice of Public Hearing and availability of Environmental Assessment to those persons on the project contact list and to local officials. Exhibit 14. The notice was posted on the DOC web page on or about August 11, 2006.

20. On July 31, 2006, the DOC issued its EA. Exhibit 12.

21. On August 14, 2006, the Notice of Public Hearing and availability of Environmental Assessment was published in the EQB Monitor. Exhibit 16.

22. The Notice of Public Hearing and availability of Environmental Assessment was published in the Cannon Falls *Beacon* on August 10, 2006. Exhibit 15.

23. A public hearing was held on August 30, 2006, in Cannon Falls, Minnesota. Ms. Pile of the DOC staff acted as hearing examiner and conducted the public hearing. Mr. Storm appeared for the DOC Staff.

24. Pamela Rasmussen testified regarding Xcel Energy's proposal.

25. Approximately a dozen members of the public attended. All persons who desired to speak were afforded a full opportunity to make a statement on the record.

26. Several members of the public asked questions at the hearing. Only one of the questions was directly related to the proposal. The questioner, the owner of one of the parcels affected by the project, inquired whether the existing 0.6 mile section of the Cannon Falls-Empire line between each of the interconnection (i.e., with the new northern and the new southern 115 kV single circuit lines) points will be removed. No person objected to the preferred option nor did any person speak on Vision 52.

27. The record was kept open for receipt of written comments until 4 p.m., September 11, 2006. No other comments were received.

Route and Substation Locations

28. The EA prepared by DOC Staff evaluated Xcel Energy's initially proposed route. Additionally, the EA also evaluated the two alternative routing options that Xcel Energy had assessed in response to the landowner concerns regarding the implications of MNDOT Vision 52. Exhibit 12.

Potential Impacts

29. Approximately 1,500 ft.² (0.03 acre) of agricultural land will be permanently impacted by the Project. Permanent impacts will occur due to the placement of the transmission line poles and construction of the substation. Temporary impacts may include soil compaction and crop damages within the roadway right-of-way (ROW) and are estimated at 2.6 acres. Landowners will be compensated for the use of their land through easement payments. Additionally, to minimize loss of farmland and to ensure reasonable access to the land near the poles, Xcel Energy intends to place the poles approximately five feet from the roadway ROW. When possible, Xcel Energy will attempt to construct the transmission line before crops are planted or following harvest. Xcel Energy will compensate landowners for crop damage and soil compaction that occur as a result of the Project.

30. The southern single circuit transmission tap line crosses areas identified in the 2003 Cannon Falls Land Use Plan (Land Use Plan) as low density residential land use, southwest of County Road 86. The northern single circuit transmission tap line and the double circuit transmission line cross areas identified in the Land Use Plan as industrial land use and future industrial land use. There are scattered residences and businesses along County Road 86. The Colvill Substation is in an area that is identified in the Land Use Plan as industrial land use. The proposed substation site is located within an area currently being used for industrial activities. Additionally, the substation will be located within the proposed Cannon Falls Energy Center generation site. The proposed Project should not affect the existing or planned land uses in the area and will not have a significant impact on human settlement.

31. The proposed transmission lines will be designed to meet or exceed all requirements of the National Electric Safety Code, which is the utility standard that applies to all transmission lines. In addition, the substation facilities will be fenced, and access will be limited to authorized personnel.

32. The Project will create only nominal corona or noise impacts and mitigative measures are not necessary.

33. The aesthetic impacts created by the Project will not be significant. The new transmission line poles will contrast with the open agricultural areas along the proposed route. However, the area is developing and includes a mixture of residential, commercial and industrial land uses. There are existing transmission lines within 0.5 mile of all the residences and businesses along the proposed route, and the majority of the route follows existing roadway corridors. The new Colvill Substation will convert approximately five to 12 acres of farmland to a more industrial character, but is located adjacent to an area that has existing industrial and commercial buildings.

34. Socioeconomic impacts will be primarily positive. The Project will create short-term construction expenditures in the area and increased tax revenue over the life of the Project.

35. The Project is near several recreational opportunities, but it will not directly impact these resources. It is not anticipated that the transmission line will be visible from these resources.

36. Traffic levels may be slightly, but insignificantly impacted during construction of the Project, with no impacts anticipated during facility operation and no mitigation will be necessary. The operation of the transmission line will have no impact on traffic patterns or usage.

37. The nearest forested area where red and white oak, maple, and white pine trees are harvested is approximately two miles east of the Project area. The Project will not affect this forest-based economy and no mitigative measures will be required.

38. The proposed transmission lines will not impact active mining operations.

39. The Project locations do not contain prohibitive sites, including National Parks; national historic sites and landmarks, national historic districts; national wildlife refuges; national monuments; national wild, scenic and recreational river ways; state wild, scenic, and recreational rivers and their land use districts; state parks; nature conservancy preserves; state scientific and natural Areas; and state and national wilderness areas.

40. Construction of the Project will result in no disturbances to the bedrock geology beneath the Project site. Soils exposed during construction may be vulnerable to erosion until stabilized. Some compaction of surface soils will result from the use of heavy construction equipment. Xcel Energy will implement best management practices (BMP) during construction activities to reduce and minimize soil erosion and compaction.

41. Seven previously recorded cultural resources were identified within one mile of the proposed Project. They consist of Lithic Scatters. In addition, 12 potentially historic architectural properties were recorded during a 1978 survey. The eligibility of the seven sites and 12 properties for listing on the National Register of Historic Places (NRHP) has not been determined. Impacts to these resources are not anticipated as a result of the proposed project. In the event that an impact would occur, Xcel Energy would determine the nature of the impact and

consult with the SHPO on whether or not the resource was eligible for listing in the NRHP. Mitigation for Project-related impacts on NRHP-eligible resources may include an effort to minimize impacts on the resource and/or additional documentation through data recovery. Additionally, if human remains should be inadvertently encountered during excavation and construction, such a discovery would be handled in a manner compliant with Minnesota's Private Cemeteries Act. No impacts are anticipated to Cultural Values.

42. Impacts to trees may occur due to the routing of transmission lines in an area of approximately 0.5 acre (20,000 ft.²). A width of 40 feet will be cleared from the 115 kV transmission line ROW along this portion of the route. To minimize impacts to trees in the Project corridor, Xcel Energy will only remove trees located in the right-of-way for the transmission lines, or that would impact the safe operation of the facility.

43. There is a potential for displacement of wildlife during construction of the project and the loss of small amounts of habitat from the project site. Displacement of fauna is anticipated to be temporary in nature. Because no long-term population-level effects are anticipated no mitigation will be required.

44. Distribution lines can pose an electrocution danger to large birds such as raptors. Xcel Energy's transmission line design standards provide adequate spacing to eliminate the risk of raptor electrocution, so there are no concerns about avian electrocution as a result of the Project. Additionally, Xcel Energy addresses avian issues for transmission projects by working with the Minnesota Department of Natural Resources (MDNR) to identify any areas that may require marking transmission line shield wires and/or using alternate structures to reduce collisions, and attempting to avoid areas known as major flyways or migratory resting spots.

45. The issue of electric and magnetic field (EMF) exposure was discussed in the Environmental Assessment. There are no state or federal health-based exposure standards. The Minnesota Department of Health recommends avoiding exposures about which there are questions of safety or health, at least to the extent that an activity can be avoided easily or cheaply. The Department of Health has stated that it is prudent to continue to monitor research in this area. The electric field generated by the line will not exceed the limits on exposure to magnetic fields in the route permits that have been issued.

46. Impacts to air quality will be minimal and temporary.

47. The surface water resources that could be affected by the construction of the Project include a small (0.18 acre) palustrine scrub shrub (PSSIC) NWI wetland located 800 feet north of the proposed Colvill Substation, and an intermittent stream which is approximately 0.4 mile from the northeast corner of the substation. The Cannon River is approximately 0.9 mile from the proposed Project and Pine Creek (a trout stream) is approximately 0.5 mile from the proposed Project. The Project is not within a mapped 100-year floodplain. Construction of the substation and associated access roads will not directly affect the surface water resources. During construction, there is a possibility of sediment reaching surface waters as the ground is disturbed by excavation, grading and construction traffic. Once the Project is complete it will have no impact on surface water quality.

48. Though no permanent impacts to water bodies or wetlands are anticipated, Xcel Energy will minimize impacts to wetlands and other water resources by using standard erosion control measures and BMP. An National Pollution Discharge Elimination System permit and Storm Water Pollution Prevention Plan will be prepared for the Project. No additional mitigation is necessary.

49. The proposed Project site includes native prairie land and Maple-Basswood forest and thus provides a suitable habitat for some species listed by the MDNR as threatened or endangered. The MDNR searched the Minnesota Natural Heritage Database and found twelve known occurrences of rare species and natural communities within a one-mile radius of the proposed site, but none are located on the proposed site and none are likely to be adversely affected by the Project activities. A rare gravel prairie community, which includes one of the largest known populations of rare kittentail as well as other native prairie forbs and grasses, is located four miles east of the proposed site. It is not anticipated that mitigative measures will be necessary to protect these resources. The areas of dry sand-gravel prairie native plant community and kittentails will be avoided.

Costs

50. Xcel Energy estimates that the transmission lines, CFT Substation expansion and the new Colvill Substation will cost \$11.7 million.

Environmental Assessment

51. The Environmental Assessment addressed the issues identified in the Commissioner's Scoping Decision. Based on the foregoing Findings of Fact, the PUC makes the following:

CONCLUSIONS

1. Any of the foregoing Findings more properly designated as Conclusions are hereby adopted as such.
2. The PUC has jurisdiction over the subject matter of this proceeding pursuant to Minn. Stat. §116C.57, subdivision 2.
3. This project qualifies for review under the Alternative Review Process of Minn. Stat. §116.575 and Minn. Rules parts 4400.2000 to 4000.2950.
4. The Applicant, the DOC and the PUC have complied with all procedural requirements required by law.
5. The DOC has completed an Environmental Assessment on this Project as required by Minn. Stat. §116C.575, subdivision 5 and Minn. Rules part 4400.2750, and considered all the pertinent factors in determining whether the route should be approved.
6. The conditions included in the route permit are reasonable and appropriate.

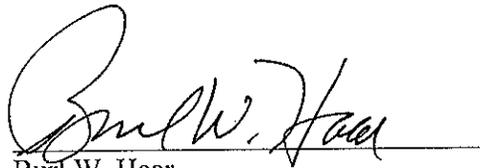
Based on the Findings of Fact and Conclusions contained herein and the entire record of this proceeding, the PUC hereby makes the following:

ORDER

A route permit is hereby issued to Xcel Energy to expand the existing Cannon Falls Transmission Substation, construct a new Colvill Substation, build two single circuit 115 kV transmission lines from two taps of the existing Cannon Falls Transmission Substation (CFT Substation) to Empire 115 kV transmission line and build a double circuit 115 kV transmission line to the new Colvill Substation in Goodhue and Dakota counties. The route permit shall be issued in the form attached hereto, with a map showing the approved route.

Approved and adopted this 22nd day of September, 2006

BY ORDER OF THE COMMISSION

A handwritten signature in cursive script, appearing to read "Burl W. Haar", is written over a horizontal line.

Burl W. Haar,
Executive Secretary

**ROUTE PERMIT FOR CONSTRUCTION OF A HIGH
VOLTAGE TRANSMISSION LINE**

IN

GOODHUE & DAKOTA COUNTIES, MINNESOTA

ISSUED TO

Northern States Power Company d/b/a Xcel Energy

PUC DOCKET No. E002/TL-06-459

In accordance with the requirements of Minnesota Statutes Section 116C.575 and Minnesota Rules Chapter 4400, this route permit is hereby issued to:

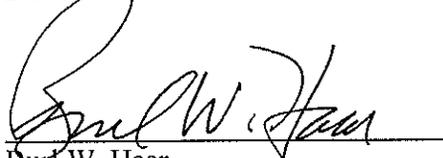
Northern States Power Company d/b/a Xcel Energy

Xcel Energy (Xcel) is authorized by this route permit to construct 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 a 161 kV/115 kV substation as proposed in Xcel Energy's HVTL Route Permit Application, dated April 25, 2006

The project shall be built on a route within the corridor identified in this permit and as portrayed on the attached official route map, and in compliance with the conditions specified in this permit.

Approved and adopted this 22nd day of September, 2006

BY ORDER OF THE COMMISSION



Burl W. Haar,
Executive Secretary

I. ROUTE PERMIT

The Minnesota Public Utilities Commission (PUC) hereby issues this route permit to Xcel Energy pursuant to Minnesota Statutes 116C.575 and Minnesota Rules Chapter 4400. This permit authorizes the Permittee to construct 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 a 161 kV/115 kV substation.

II. PROJECT DESCRIPTION

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 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.

III. DESIGNATED ROUTE

The route corridor designated by the Commission in this permit is comprised of three segments as described in detail below, as analyzed in the EA, and shown on the Official Route Map attached to this permit. Each segment as defined below represents the current preferred alignment within the approved corridor; however, in an effort to maximize Xcel Energy's ability to accommodate individual landowners' needs, a corridor width of 500 feet on either side of the stated alignment is approved. The approved right-of-way (ROW) widths for the selected alignments are 40-foot where adjacent to existing roadways ROW and 75-foot where the alignment travels "cross-country".

- a. **Northern Single Circuit:** The northern 115 kV transmission line will total approximately 1.0 mile long and will connect to the existing Cannon Falls-Empire line in Section 35, Township 113, Range 18 (approximately 0.3 mile east of TH 52). This new line will continue east 0.27 mile to CR 85, where the line will turn south, along the east side of CR 85 for approximately 0.74 mile until it meets the new Southern Single Circuit line at the junction of CR 85 and CR 86.
- b. **Southern Single Circuit:** The southern 115 kV transmission line will total approximately 0.3 mile long and will connect to the existing Cannon Falls-Empire line at the location where the existing line intersects Rochester Road/CR 86, east of TH52. This new line will continue east 0.27 mile to CR 85, where the line will turn south, along the southeast along the south side of CR 86 to where it will join the Northern Single Circuit.
- c. **Double Circuit:** The two lines (i.e., Northern and Southern Single Circuit) will continue southeast to the new Colvill substation site as 115 kV/115 kV double circuit structures along the north side of CR 86 for approximately 0.73 mile. There the lines will turn northeast for approximately 1,115 feet, then turn east for approximately 180 feet, entering the proposed Colvill substation site.

- d. **Colvill Substation:** The new substation will be constructed approximately 1,000 feet north of the intersection of Rochester Boulevard, County Highway 29, and CR 86 on approximately 2.3 acres within the proposed Cannon Falls Energy Center site.

IV. PERMIT CONDITIONS

The Permittee shall comply with the following conditions during construction of the transmission line and associated facilities and the life of this permit.

A. Plan and Profile. At least 14 calendar days before right-of-way preparation for construction begins, the Permittee shall provide the PUC with a plan and profile of the right-of-way and the specifications and drawings for right-of-way preparation, construction, cleanup, and restoration for the transmission line. The Permittee may not commence construction until the 14 days has expired or until the PUC has advised the Permittee in writing that it has completed its review of the documents and determined that the planned construction is consistent with this permit. If the Permittee intend to make any significant changes in its plan and profile or the specifications and drawings after submission to the PUC, the Permittee shall notify the PUC at least five days before implementing the changes. No changes shall be made that would be in violation of any of the terms of this permit.

B. Construction Practices.

1. Application. The Permittee shall follow those specific construction practices and material specifications described in the Xcel Energy application to the PUC for a route permit, dated April 25, 2006, and as described in the EA unless this permit establishes a different requirement in which case this permit shall prevail.

2. Field Representative. At least 10 days prior to commencing construction, the Permittee shall advise the PUC in writing of the person or persons designated to be the field representative for the Permittee with the responsibility to oversee compliance with the conditions of this Permit during construction. This person's address, phone number, and emergency phone number shall be provided to the PUC, which may make the information available to local residents and public officials and other interested persons. The Permittee may change its field representative at any time upon written notice to the PUC.

3. Cleanup. All waste and scrap that is the product of construction shall be removed from the area and properly disposed of upon completion of each task. Personal litter, including bottles, cans, and paper, from construction activities shall be removed on a daily basis.

4. Vegetation Removal. The Permittee shall minimize the number of trees to be removed as part of the construction of the line, taking into account Permit Condition IV.H.1, which recognizes that the Permittee has obligations to comply with clearance requirements.

5. Erosion Control. The Permittee shall implement reasonable measures to minimize runoff during construction and shall plant or seed non-agricultural areas that were disturbed where structures are installed.

6. Temporary Work Space. The Permittee shall limit temporary easements to special construction access needs and additional staging or lay-down areas required outside of the authorized ROW.

7. Restoration. The Permittee shall restore all temporary work spaces, access roads, abandoned ROW, and other private lands affected by construction of the transmission line. Restoration must be compatible with the safe operation, maintenance, and inspection of the transmission line. Within 60 days after completion of all restoration activities, the Permittee shall advise the PUC in writing of the completion of such activities.

8. Notice of Permit. The Permittee shall inform all employees, contractors, and other persons involved in the construction of the transmission line of the terms and conditions of this permit.

C. Periodic Status Reports. Upon request, the Permittee shall report to the PUC on progress regarding finalization of the route, design of structures, and construction of the transmission line. The Permittee need not report more frequently than quarterly.

D. Complaint Procedure. Prior to the start of construction, the Permittee shall submit to the PUC the company's procedures to be used to receive and respond to complaints. The procedures shall be in accordance with the requirements set forth in the complaint procedures attached to this permit.

E. Notification to Landowners. The Permittee shall provide all affected landowners with a copy of this permit at the time of the first contact with the landowners after issuance of this permit.

F. Completion of Construction.

1. Notification to PUC. At least three days before the line is to be placed into service, the Permittee shall notify the PUC of the date on which the line will be placed into service and the date on which construction was complete.

2. As-Builts. Upon request of the PUC, the Permittee shall submit copies of all the final as-built plans and specifications developed during the project.

3. GPS Data. Within 60 days after completion of construction, the Permittee shall submit to the PUC, in the format requested by the PUC, geo-spatial information (GIS compatible maps, GPS coordinates, etc.) for all above ground structures associated with the transmission lines, each switch, and each substation connected.

G. Electrical Performance Standards.

1. Grounding. The Permittee shall design, construct, and operate the transmission line in such a manner that the maximum steady-state short-circuit current shall be limited to five milliamperes rms alternating current between the ground and any non-stationary object within the ROW including but not limited to, large motor vehicles and agricultural equipment. All fixed metallic objects on or off the ROW, except electric fences that parallel or cross the right-of-way, shall be grounded to the extent necessary to limit the short circuit current between ground and the object so as not to exceed one milliampere rms under steady state conditions of the transmission line and to comply with the ground fault conditions specified in the National Electric Safety Code.

2. Electric Field. The transmission line shall be designed, constructed, and operated in such a manner that the electric field measured one meter above ground level immediately below the transmission line shall not exceed 8.0 kV/m rms.

3. Interference with Communication Devices. If interference with radio or television, satellite or other communication devices is caused by the presence or operation of the transmission line, the Permittee shall take whatever action is prudently feasible to restore or provide reception equivalent to reception levels in the immediate area just prior to the construction of the line.

H. Other Requirements.

1. Applicable Codes. The Permittee shall comply with applicable Rural Utilities Service (RUS), North American Electric Reliability Council (NERC) construction standards and requirements of the National Electric Safety Code (NESC) including clearances to ground, clearance to crossing utilities, clearance to buildings, ROW widths, erecting power poles, and stringing of transmission line conductors.

2. Other Permits. The Permittee shall comply with all applicable state rules and statutes. The Permittee shall obtain all required permits for the project and comply with the conditions of these permits. A list of the required permits is included in the permit application and the environmental assessment. The Permittee shall submit a copy of such permits to the PUC upon request.

3. Pre-emption. Pursuant to Minnesota Statutes section 116C.61, subdivision 1, this route permit shall be the sole route approval required to be obtained by the Permittee and this permit shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

I. Delay in Construction. If the Permittee has not commenced construction or improvement of the route within four years after the date of issuance of this permit, the PUC shall consider suspension of the permit in accordance with Minn. Rule 4400.3750.

J. Special Conditions.

1. The existing 0.6 mile section of the Cannon Falls-Empire line between each of the interconnection (i.e., with the new northern and southern lines) points will be removed.

V. PERMIT AMENDMENT

The permit conditions in Section IV. may be amended at any time by the PUC. Any person may request an amendment of the conditions of this permit by submitting a request to the PUC in writing describing the amendment sought and the reasons for the amendment. The PUC will mail notice of receipt of the request to the Permittee. The PUC may amend the conditions after affording the Permittee and interested persons such process as is required.

VI. TRANSFER OF PERMIT

The Permittee may request at any time that the PUC transfer this permit to another person or entity. The Permittee shall provide the name and description of the person or entity to whom the permit is requested to be transferred, the reasons for the transfer, a description of the facilities affected, and the proposed effective date of the transfer. The person to whom the permit is to be transferred shall provide the PUC with such information as the PUC shall require to determine whether the new permittee can comply with the conditions of the permit. The PUC may authorize transfer of the permit after affording the Permittee, the new permittee, and interested persons such process as is required.

VII. REVOCATION OR SUSPENSION OF THE PERMIT

The PUC may initiate action to revoke or suspend this permit at any time. The PUC shall act in accordance with the requirements of Minnesota Rules part 4400.3950 to revoke or suspend the permit.

**PUBLIC UTILITIES COMMISSION
COMPLAINT REPORT PROCEDURES FOR
HIGH VOLTAGE TRANSMISSION LINES**

1. Purpose

To establish a uniform and timely method of reporting complaints received by the Permittees concerning the permit conditions for right-of-way preparation, construction, cleanup and restoration, and resolution of such complaints.

2. Scope

This reporting plan encompasses complaint report procedures and frequency.

3. Applicability

The procedures shall be used for all complaints received by the Permittees.

4. Definitions

Complaint - A statement presented by a person expressing dissatisfaction, resentment, or discontent as a direct result of right-of-way preparation, construction, cleanup and restoration. Complaints do not include requests, inquiries, questions, or general comments.

Substantial Complaint - Any complaints submitted to the Permittees in writing that, if substantiated, could result in permit modification or suspension pursuant to the applicable regulations.

Person - An individual, partnership, joint venture, private or public corporation, association, firm, public service company, cooperative, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

5. Responsibilities

Everyone involved with right-of-way preparation, construction, cleanup and restoration is responsible to ensure expeditious and equitable resolution of all complaints. It is therefore, necessary to establish a uniform method for documenting and handling complaints directed to this project. The following procedures will satisfy this requirement:

- A. The Permittee shall document all complaints by maintaining a record of all applicable information concerning the complaint, including the following:
1. Name of the permittee and project.
 2. Name of complainant, address and phone number.
 3. Precise property description or tract number (where applicable).
 4. Nature of complaint.
 5. Response given.
 6. Name of person receiving complaint and date of receipt.
 7. Name of person reporting complaint to the DOC and phone number.
 8. Final disposition and date.
- B. The Permittee shall assign an individual to summarize complaints for transmittal to the PUC.

6. Requirements

The Permittee shall report all complaints to the DOC according to the following schedule:

Immediate Reports - All substantial complaints shall be reported to the DOC by phone the same day received (or on the following working day for complaints received after working hours) at 651-296-2096.

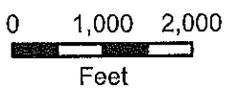
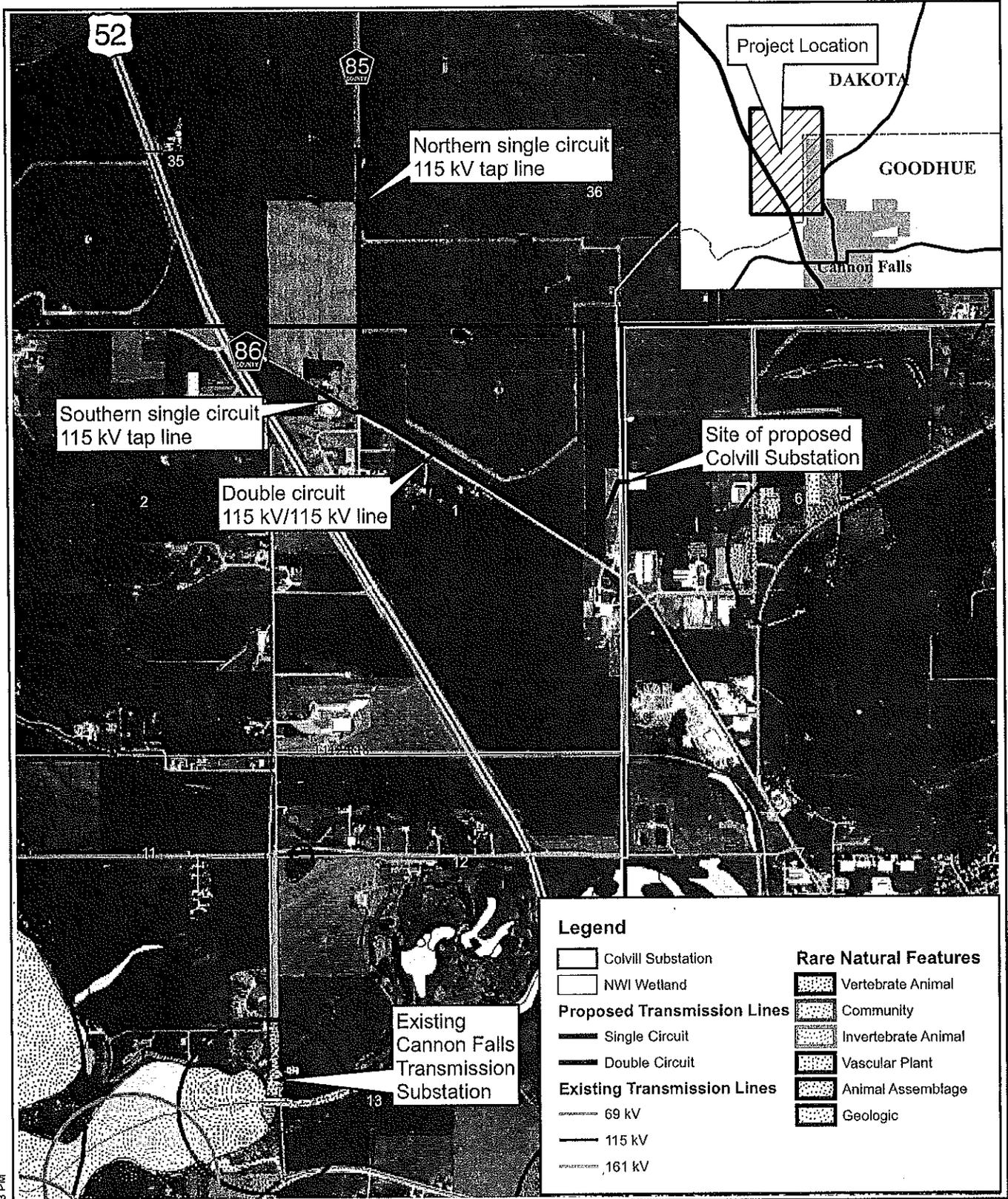
Monthly Reports

By the 15th of each month, a summary of all complaints, including substantial complaints received or resolved during the proceeding month, and a copy of each complaint shall be sent to Minnesota Department of Commerce, 85 East 7th Place, Suite 500, Saint Paul, MN 55101.

7. Complaints Received by the DOC

Copies of complaints received directly by the DOC from aggrieved persons regarding right-of-way preparation, construction, cleanup and restoration shall be promptly sent to the Permittees.

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Appendix B.3 - Project Location Map - Aerial
 Cannon Falls 115 kV Tap Project
 Cannon Falls, Minnesota

