



May 10, 2007

TO: Glen Wilson, Commissioner
Edward Garvey, Deputy Commissioner
THROUGH: Marya White, Manager *MWW*
FROM: William Cole Storm, Staff
DOC Routing & Siting Unit (Tel: 651-296-9535)
RE: DOC Staff Recommendation on Content of the Environmental Assessment
MP/GRE Badoura Transmission Routing Permit Project
PUC Docket # ET2, E015/TL-07-76

ACTION REQUIRED: Signature of the Commissioner on the attached Order, "Environmental Assessment Scoping Decision." Once signed, the Department of Commerce (DOC) staff will mail the notice of the order to interested parties.

BACKGROUND:

The PUC issued an Order certifying that the Badoura Transmission Project is needed and designating the project as a priority electric transmission project on May 25, 2005, as part of PUC Docket No. ET2, E015/TL-05-867.

Need Docket

On November 29, 2005, Minnesota Power (MP) and Great River Energy (GRE) made a joint application to the Minnesota Public Utilities Commission (PUC) for Certification of two High-Voltage Transmission Line (HVTL) projects pursuant to the provisions of Minnesota Statutes 216B.2425 and Minnesota Rules, Chapter 7848, through the Biennial Transmission Projects Report proceeding. The two projects are referred to as "Tower" and "Badoura."

MP will construct and own the new Pine River 115 kilovolt (kV) Substation and the new 115 kV transmission line between the Pequot Lakes, Pine River and Badoura substations (approximately 30 miles). GRE will construct and own the new 115 kV transmission line between the Badoura Substation and the Birch Lake Substation, and between the Badoura Substation and the Long Lake Substation (approximately 33 miles). Equipment modifications will be made at the Pequot Lakes, Badoura, Birch Lake and Long Lake substations to accommodate the new 115 kV transmission line.

As part of its review of a Biennial Transmission Report requesting certification of a HVTL, the PUC is required to prepare a document called an Environmental Report (ER). Minn. Rules 4410.7030. On behalf of the PUC; the DOC Energy Facility Permitting (EFP) staff prepared an ER based on its analyses of the information and data supplied in the two Biennial Projects Reports and several other relevant sources. The Minnesota Department of Commerce prepared and distributed an Environmental Report for the two projects on February 14, 2006.

On March 29, 2006, a Public Hearing was held on this matter. The public hearing was presided over by Administrative Law Judge Richard Luis from the Minnesota Office of Administrative Hearings.

Current Docket (Badoura)

MP/GRE filed the HVTL route permit application for the Badoura project on January 12, 2007 and on March 29, 2007, the PUC issued an Order accepting the MP/GRE Badoura HVTL Route Permit Application as complete. The Tower Project is being considered via a separate filing.

The application is being 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 holds an initial public information/scoping meeting, develops a scoping decision recommendation, prepares a document called an Environmental Assessment, and conducts a public hearing, although 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.

On April 17, 2007, DOC EFP staff held the initial public information/scoping meeting in Backus. Approximately 65 persons, excluding DOC/PUC staff and the applicant's representatives, attended the meeting. 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.

During the initial public information/scoping meeting much concern was raised about the portion (Route Segment 5) of the proposed HVTL route (approximately 1 mile) that follows along CSAH 20 and the western shore of Peysenske Lake. This issue was raised during the Biennial Transmission Projects Report proceeding and an alternative (Alternative Route Segment 9) to route was developed and incorporated into the application for the HVTL route permit.

Twenty-one comment letters were received concerning the MP & GRE Badoura HVTL Route Permit Application; these included two petitions, one in favor of the Alternative Route Segment 9 and one opposed. Other concerns raised included environmental and human health impacts. These issues, along with the typical HVTL routing impacts, have been incorporated into the proposed Order on the Environmental Assessment Scoping Decision.

SCHEDULE: The Environmental Assessment will be completed by July, 2007.

CC: Deb Pile, Supervisor



**In the Matter of a Minnesota Power &
Great River Energy, Application for a High
Voltage Transmission Line Permit in
Hubbard, Cass and Crow Wing Counties)**

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION**

PUC Docket No. ET2, E015/TL-07-76

The above matter has come before the Commissioner of the Department of Commerce (the Department) for a decision on the content of the Environmental Assessment (EA) to be prepared in consideration of the Application for a High Voltage Transmission Line (HVTL) Route Permit from Minnesota Power (MP) and Great River Energy (GRE) on the proposed Badoura Transmission project.

The Routing and Siting Unit of the Department held a public meeting on April 17, 2007 in Backus. The purpose of the meeting was to provide the public with information on the project and to solicit input into the content of the EA.

The public was given until May 1, 2007, to submit written comments.

Having reviewed the matter, and having consulted with staff, I hereby make the following Order on the content of the EA:

MATTERS TO BE ADDRESSED

The EA will address the following matters:

- 1.0 INTRODUCTION**
 - 1.1 Project Description
 - 1.2 Project Location
 - 1.3 Project Purpose
 - 1.4 Sources of Information
- 2.0 REGULATORY FRAMEWORK**
 - 2.1 PUC Certification Requirement
 - 2.2 Environmental Assessment Requirement
- 3.0 ALTERNATIVE ROUTES**
 - 3.1 Alternative Route Segment 9
- 4.0 IMPACTS AND MITIGATIVE MEASURES**
 - 4.1 Human Settlements
 - 4.2 Noise
 - 4.3 Aesthetics

- 4.4 Recreation
- 4.5 Transportation
- 4.6 Land Use
- 4.7 Prime Farmland
- 4.8 Soils and Geology
- 4.9 Flora
- 4.10 Fauna
- 4.11 Archaeological and Historic Features
- 4.12 Air Quality
- 4.13 Surface Water
- 4.14 Wetlands
- 4.15 Human Health and Safety to include Electric and Magnetic Fields (EMF)
- 4.16 Potential for radio, television and cell phone interference from transmission lines

IDENTIFICATION OF PERMITS

The EA will include a list of permits that will be required for the applicant to construct this project.

ISSUES OUTSIDE OF THE ENVIRONMENTAL ASSESSMENT

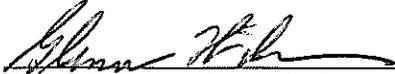
The Department will not, as part of this environmental review, consider whether a different size or different type of transmission line should be built. Nor will the Department consider the no-build option regarding the HVTL or routes other than those noted herein.

SCHEDULE

The EA shall be completed in July, 2007.

Signed this 14 day of May, 2007

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



Glenn Wilson, Commissioner