



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

March 21, 2007

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
MP & GRE Badoura HVTL Project
Docket No. ET2,E015/TL-07-76

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 the Application for a Route Permit for the Badoura 115 kV HVTL and Associated Substation under the Alternative Process.

The facility (i.e., Badoura Transmission Project) for which the permit is requested is a new Pine River 115 kilovolt (kV) Substation and a new 115 kV transmission line between the Pequot Lakes, Pine River and Badoura substations (approximately 30 miles) to be constructed and owned by Minnesota Power. Additionally, Great River Energy will construct and own a 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.

The Department is providing you with:

- A. Comments and Recommendations;
- B. 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. ET2, E015/TL-07-76

Meeting Date: March 29, 2007.....Agenda Item #

Company: Minnesota Power and Great River Energy

Docket No. PUC Docket Number: ET2, E105/TL-07-76

In the Matter of the Application for a Route Permit for the Badoura 115 kV HVTL and Associated Substation under the Alternative Process.

Issue(s): Should the Commission accept or reject the application as substantially complete? If accepted, should the Commission authorize the Department to appoint a public advisor and an advisory task force?

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

Relevant Documents (in Commission Packet).

1. MP and GRE's HVTL Permit Application, Dated March 16, 2007.

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.

1. General route location map.

(Note: Relevant documents and additional information can be found on eDockets (ET2, E015 /TL-07-76) or the PUC Facilities Permitting website <http://energyfacilities.puc.state.mn.us/>)

Statement of the Issue

Should the Commission accept or reject the application as substantially complete? If accepted, should the Commission authorize the Department to appoint a public advisor and an advisory task force?

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 and Background

Minnesota Power (MP) and Great River Energy (GRE) have made a joint application to the Minnesota Public Utilities Commission (PUC) for a High-Voltage Transmission Line (HVTL) route permit for the proposed Badoura Transmission Project under the Alternative Permitting Process (Minnesota Rule 4400.2010). The Badoura project would be approximately 63 miles of upgraded and new transmission lines interconnecting five existing substations located in Crow Wing, Cass and Hubbard counties to meet the needs of MP and GRE customers in northcentral Minnesota.

Need established through Biennial Transmission Projects Report

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.

MP and GRE made a joint application to the Commission 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 on November 29, 2005. The two projects are referred to as “Tower” and “Badoura.”

As part of the review of a Biennial Transmission Report requesting certification of a HVTL, DOC prepared a document called an Environmental Report (ER) to evaluate the general potential impacts from construction, operation, and maintenance of the proposed HVTL along the broad corridor(s) proposed by the applicant and discussed ways to mitigate these potential impacts. Minn. Rules 4410.7030.

The public was given an opportunity to participate in the development of the ER through public meetings and public comment period. On December 7, 2005, DOC EFP staff held a public meeting in the Badoura area 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 ER. The comment period was held open until January 10, 2006. The Commissioner of the DOC issued an Order outlining the content of the environmental report On January 11, 2006, and the Department prepared and distributed an Environmental Report for the two projects on February 14, 2006.

The need certification process also included a public hearing. On March 29, 2006, Administrative Law Judge Richard Luis from the Minnesota Office of Administrative Hearings presided over a Public Hearing on this matter. The purpose of the hearings was to receive public comment on the need for the proposed projects. He provided a summary report of comments received to assist the Commission in making a final determination on the need for the proposed transmission lines.

MP and GRE filed the HVTL route permit application for the Tower project on December 22, 2006. It was accepted by the Commission in January 2007 and is being reviewed under PUC Docket No. ET2, E015/TL-06-1624.

Current Docket

MP and GRE notified the PUC by letter dated January 12, 2007, that the Company intended to utilize the Alternative Permitting Process for the proposed Badoura Transmission 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).

MP & GRE filed the HVTL route permit application on March 16, 2007.

Project Area

The proposed project is located in Crow Wing, Cass and Hubbard counties. The project area encompasses the communities of Pequot Lakes, Pine River, Backus, Hackensack and Park Rapids and traverses many townships within the three counties.

Project Description

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.

Regulatory Process and Procedures

Eligibility and Completeness

High voltage transmission lines with a voltage between 100 kV and 200 kV are eligible for the Alternative Review Process (Minnesota Rule 4400.2010) of the Power Plant Siting Act (Minnesota Statutes 116C.51 to 116C.69).

Route permit applications under the alternative review process must provide specific information about the proposed project, applicant, environmental impacts, alternatives and mitigation measures (Minnesota Rule 4400.2100). The Commission may accept an application as complete, reject an application and require additional information to be submitted, or accept an application as complete upon filing of supplemental information (Minnesota Rule 4400.2200).

The review process begins with the determination by the PUC that the application is complete. The PUC has six months to reach a decision from the time the application is accepted (Minnesota Rule 4400.2200).

Public Advisor

Upon acceptance of an application for a site or route permit, the Commission must 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 or assign a PUC staff member.

Advisory Task Force

The Commission may appoint an advisory task force (Minnesota Statute 116C.59). An advisory task force must, at a minimum, include representatives of local governmental units in the affected area. A task force can be charged with identifying additional routes or specific impacts to be evaluated in the EA and terminates when the DOC Commissioner issues an EA scoping decision. The PUC is not required to assign an advisory task force for every project.

If the Commission does not name a task force, the rules allow a citizen to request appointment of a task force (Minnesota Rule 4400.2650). The PUC would then need to determine at its next meeting if a task force should be appointed or not.

The decision whether to appoint an advisory task force does not need to be made at the time of accepting the application; however, it should be made as soon as practicable to ensure its charge can be completed prior to the EA scoping decision by the DOC Commissioner.

Environmental Review

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 (EA). An EA is a written document that describes the human and environmental impacts of a proposed large electric power generating plant or high voltage transmission line and alternative routes or sites and methods to mitigate such impacts.

Public Hearing

Under the Alternative Review Process a public hearing is required but it need not be a contested case hearing.

DOC EFP Staff Analysis and Comments

Completeness

DOC EFP staff conducted completeness review of the MP and GRE Badoura HVTL route permit application and conclude that the Application meets the content requirements of Minnesota Rule 4400.2100 and is complete. Application acceptance allows staff to initiate and conduct the public participation and environmental review process.

Advisory Task Force

In analyzing the merits of establishing an Advisory Task Force for the project, staff considered four project characteristics: size, complexity, known or anticipated controversy and sensitive resources. In addition, staff considered the degree to which public involvement through the Biennial Transmission Projects Report proceeding served to help identify issues and alternatives for consideration in the routing process.

Project Size. At 63 miles, the project is relatively small. The ROW width requirement for this 115 kV transmission project will range from 75 to 100 feet depending on structure design types. The required ROW width may also be less in areas where the new transmission line follows an existing linear corridor. Much of the new 115 kV transmission line will be within or along existing easement rights (i.e., existing 230 kV HVTL, 64 kV and 34.5 kV distribution line ROWs). In cases where existing rights are determined to be adequate, the affected property owners will be contacted and provided information on MP/GRE's intentions regarding use of its easements. In cases where additional ROW (amending existing rights and acquisition of new rights) is determined to be necessary, standard acquisition procedures will be followed.

Complexity. The project is relatively simple, to a large extent utilizing and/or paralleling existing ROWs and transportation corridors.

Known/Anticipated Controversy. In the Biennial Transmission Report filing, MP and GRE not only described the various end-points as required in Minn. Rule 7848.1400 (Required Information for Certification of HVTLs), but also laid out a specific proposed route (and alignment) between the end-points. The selection of a HVTL route (and alignment) is determined in a subsequent process (Siting and Routing, Minn. Rule Chapter 4400).

By providing a detailed description of the proposed alignment in the earlier process, many of the issues usually dealt with in the siting and routing process were identified during the certification proceeding. These proceedings included: public meetings, development of an environmental review document (i.e., Environmental Report), public hearings and a hearing before the PUC.

During these proceedings a group of landowners and citizens opposed the proposed route in the Peysenske Lake area. In the Peysenske Lake area (Proposed Route Segment 5), MP and GRE are proposing to utilize Minnesota Power's existing 34.5 kV line corridor (along the east side of CSAH 20) for the new transmission line. For approximately $\frac{3}{4}$ of a mile this proposed alignment runs between CSAH 20 and Peysenske Lake (following the existing 34.5 kV distribution line) and crosses approximately 16 properties. At the public meetings held during the Biennial Transmission Projects Report process, a group of landowners and citizens proposed an alternative route for this area. This route alternative (Alternative Segment 9) was included in the applicant's HVTL Route Permit Application and will be evaluated in the Environmental Assessment.

Sensitive Resource. The proposed route crosses the Badoura State Forest in Cass and Hubbard counties and crosses the Foothills State Forest in Cass County. The proposed route will be built within existing ROW through the Badoura and Foothills State Forests. Because the proposed route parallels existing 230 kV and 34.5 kV transmission lines and existing roadways, construction in previously undisturbed areas will be minimized. Some vegetation clearing will be necessary, however, due to expanded ROW needs.

Based on the analysis above, DOC EFP staff concludes that an advisory task force is not warranted in this case and that the combination of the issues and alternatives developed through the Biennial Transmission Projects Report process and the subsequent, on-going, HVTL Routing Alternative Permitting process will provide adequate opportunities for the public to identify issues and route alternatives to be addressed in the EA.

Additionally, DOC EFP staff will assist local landowners in understanding the siting and routing process and in the further development of alternative routes and/or permit conditions. This enhanced public participation may include the addition of “working group” style meetings, dissemination of information and coordination between the landowners and the applicants.

Commission Decision Options

A. Application Acceptance

1. Accept the HVTL Route permit application submitted by MP and GRE for the Badoura Transmission Line Project as complete and authorize DOC EFP Staff to initiate the alternative review process under Minnesota Rules 4400.2000–2950.
2. Reject the route permit application as incomplete and issue an order indicating the specific deficiencies to be remedied before the Application can be accepted.
3. Find the Application complete upon the submission of supplementary information.
4. Make another decision deemed more appropriate.

B. Public Advisor

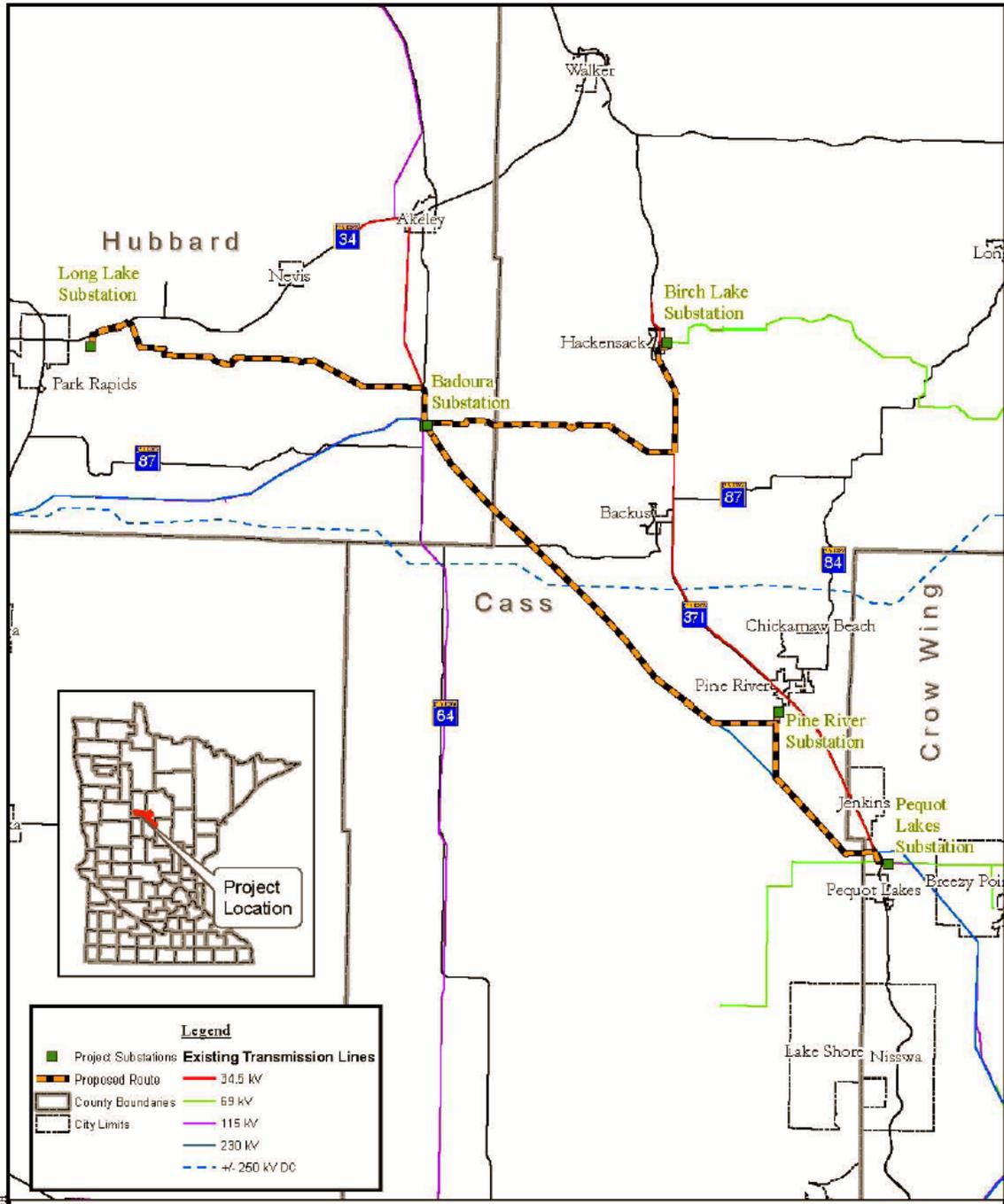
1. Authorize the Minnesota Department of Commerce Energy Facilities Permitting staff to name a public advisor in this case.
2. Appoint a PUC staff person as public advisor.
3. Make another decision deemed more appropriate.

C. Advisory Task Force

1. Authorize DOC EFP staff to establish an advisory task force, and develop a proposed structure and charge for the task force.
2. Take no action on an advisory task force at this time.
3. Determine that an advisory task force is not necessary.
4. Make another decision deemed more appropriate.

EFP Staff Recommendation

Staff recommends Options A-1, B-1 and C-3.



GENERAL ROUTE LOCATION MAP