

OAH Docket Nos. 7-2500-19143-2
7-2500-19096-2
MPUC Docket Nos. ET-2/GS-07-715
ET-2/CN-07-678

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

In the Matter of the Application of Great
River Energy for a Site Permit for the Elk
River Peaking Station, and

**SUMMARY OF TESTIMONY
AT PUBLIC HEARINGS**

In the Matter of the Application of Great
River Energy for a Certificate of Need for
the Elk River Peaking Station

This matter was initiated with the Minnesota Public Utilities Commission (“MPUC” or the Commission) by Great River Energy (GRE) on May 18, 2007. On that date, GRE filed an Application for a Certificate of Need (CON) for a 175 megawatt (MW) simple cycle combustion turbine (“CT”)(collectively “the Project”).¹ On June 14, 2007, GRE applied for a site permit to allow the Project to be built at GRE’s existing Elk River Station, located in the City of Elk River, Sherburne County, Minnesota.² GRE proposed its property in Rosemount, Minnesota as an alternative location.³

On August 1, 2007, the Commission ordered that the CON be considered under the alternative review process. The only portion of the CON process referred to the Office of Administrative Hearings (OAH) was for the convening of a public hearing and collection of public comment. The Commission ordered that the remaining CON process be conducted using the Commission’s notice and comment process.⁴

Administrative Law Judge (ALJ) Richard C. Luis conducted public hearings in Rosemount and Elk River. The Rosemount public hearing was held on December 19, 2007, at Rosemount City Hall at 7:00 p.m. For Elk River, the public hearing was held on

¹ Application for a Certificate of Need
(<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4159333>)

² Exhibit 1, Application for a Site Permit,
(<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4385377>).

³ Application for a Certificate of Need, Section 2.9 – Site Selection

⁴ *ITMO the Application of Great River Energy for a Certificate of Need for the Elk River Peaking Station*, PUC Docket No. ET-2/CN-07-678 (Order Accepting Filing as Substantially Complete and Adopting Review Process issued August 1, 2007)
(<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4740060>).

December 20, 2007, at 7:00 p.m., at the Elk River City Hall. A total of approximately eight members of the public attended the two meetings. The ALJ was present at both hearings and the opportunity was provided for members of the public to air their views regarding the need for and proposed siting of the Project. The period for written public comments closed on February 8, 2008. No written comments were received from members of the public.

Description of the Project

GRE proposes to install a simple-cycle combustion turbine plant fueled by natural gas with ultra-low sulfur distillate fuel oil as a back up fuel.⁵ The Project is to be built at the site of GRE's existing Elk River Station, located in the City of Elk River, Sherburne County, Minnesota. The nominal summer capacity of the Project would be 175 megawatts (MW). GRE has proposed the Project to assure generating capacity in 2009 and beyond to reliably meet its forecasted customer demand for electricity.⁶

Using the Elk River site will require upgrading approximately 5.41 miles of 69-kV transmission line in Sherburne and Anoka counties. The transmission line rebuilds may involve changing to taller poles (from approximately 40-55 feet to 60-65 feet above ground) and upgrading wire size. The upgrade will also entail improvements to a 0.19 mile section of 69-kV line at the existing substation at County Road 78 (Hanson Boulevard) and Bunker Lake Boulevard. GRE proposed to finalize the details of such changes when the interconnection studies are complete and Midwest Independent Systems Operators (MISO) makes its final interconnection recommendation.⁷

Additional equipment at the Project site includes a generator step-up transformer; less than 500 feet of transmission line from the transformers to the existing substation at the Elk River site, and in the alternative, less than 1,000 feet of transmission line from a new switchyard to the existing transmission line at the Rosemount site; a new lateral natural gas pipeline, town-border-station and meter; an evaporative cooler; and an exhaust stack with silencer.⁸

The Project site is located on the GRE campus in Sherburne County immediately southeast of the City of Elk River.⁹ The Project occupies approximately 11 acres of land within the GRE campus.¹⁰

Hearing Notice

The Notice of Public Meeting was published in the *Star Tribune* on November 29, 2007.¹¹ The Notice was published in the *EQB Monitor* on December 3, 2007.¹² The

⁵ Ex. 1, Application for a Site Permit, sections 3.1.3.

⁶ Ex. 1, Application for a Site Permit, Introduction and section 1.1.

⁷ Ex. 1, Application for a Site Permit, section 3.1.2.

⁸ Ex. 1, Application for a Site Permit, section 3.1.1, and Figure 3-1;

⁹ Ex. 1, Vicinity Map 1-2, (<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4385352>).

¹⁰ *Id.* at section 2.2.

¹¹ Ex. 15 (<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4897708>).

¹² Ex. 14 (<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4897696>).

Notice was published in the Elk River *Star News* on December 5, 2007 and the Rosemount *Town Pages* on December 7, 2007.¹³ Residents near both the preferred and alternative sites and the potentially affected local units of government were notified by letter. GRE also posted the notice of the meeting dates and other information on the Project on its company website.¹⁴

Approximately 8 members of the public appeared at the public hearings. Several of the attendees offered testimony concerning the Project and related issues. The Administrative Law Judge established a deadline of February 8, 2008 for receipt of written comments from any interested person.

The Commission will issue an Order on GRE's applications for a Certification of Need and a Site Permit after examination of this Summary, the hearing transcripts, all written filings submitted by the public and all filings and arguments submitted by the Applicant, the Minnesota Department of Commerce and other persons and entities interested in this matter.

Summary of Testimony in Elk River

Bill Storm, Project Manager with the Department of Commerce's Energy Facilities Permitting Group made a presentation regarding the Department's environmental review for the Project. He also noted the comments that other Department staff had made regarding CN issues.¹⁵

The environmental review conducted by the Department is summarized in a document entitled *Environmental Report: Elk River Peaking Station (Environmental Report)*.¹⁶ The *Environmental Report* is a general document discussing the potential human and environmental impacts of the Project as well as any alternatives to the Project as proposed.

As part of the *Environmental Report* development process, public meetings were held on July 31, 2007 and August 1, 2007 to solicit input into the issues to be addressed in the study. Written comments were also solicited.

The *Environmental Report* detailed the work needed to be performed for the Project, potential impacts, and mitigation measures. No significant impacts requiring extraordinary mitigation measures were identified in the *Environmental Report*. Mitigation measures were detailed for the very limited impacts and potential impacts resulting from the installation and operation of the Project.¹⁷

As of the time of the public hearings, the Department had not recommended whether the Commission should approve the Project.¹⁸ Attendees at the public hearing

¹³ Ex. 15.

¹⁴ *Id.*

¹⁵ Elk River Public Hearing Tr., 10-14 (Storm).

¹⁶ *Environmental Report* (<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4897688> .

¹⁷ *Environmental Report* (<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4897688> .

¹⁸ (<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4877748>)

were invited to comment on the Project and on the Department's inquiry.

Glen Skarbakka, Resource Planning Manager for GRE, discussed the anticipated need for electricity among the member cooperatives and customers of those cooperatives through 2022. GRE primarily purchases electricity from coal-fired generation plants and adds electricity obtained from hydro, natural gas, refuse-derived fuel (RDF), and wind sources. With the increase in wind-generated electricity, the need for peaking power generation increases due to the variability of the wind-generated supply.¹⁹

Vince Herda, Project Manager for GRE, provided an overview of the planning, design, and potential impacts of the Project. Herda set out GRE's reasons for the location, size, and timing of the Project.²⁰

Mark Strohfus, Environmental Project Leader for GRE, provided more specific information on the potential impacts of the Project. Air emissions, noise generated by the Project, and required permitting were detailed in his portion of GRE's presentation.²¹

David Jacobson, Regulatory Unit Manager for the Public Utilities Commission, described the permit process and the PUC's role in the considering the applications of GRE.²²

Ewald Petersen, Sherburne County Commissioner, expressed support for the Project and described the positive relationship between GRE and the County. Commissioner Petersen inquired as to whether the air quality figures presented were different for the two different fuels proposed for the Project's CT. Strohfus responded that the figures were assuming a "worst-case scenario" where fuel oil was being used to fire the turbine. The emissions numbers are projected to be far lower using natural gas to fire the CT. Commissioner Petersen also identified a strong need for electricity in operating pumps and irrigation systems in Sherburne County. He noted that GRE was constructing a transmission and maintenance facility in Big Lake to ensure that service vehicles could be deployed reliably and safely.²³

Chad Westberg, a resident in the Project area, inquired as to the tax impact of adding the Project in Sherburne County. GRE responded that the Project would be providing significant revenue on an annual basis to both Sherburne County and the City of Elk River. Westberg inquired as to the profitability of peaking plants and whether the need for the Project remained with other plants being installed. GRE responded that the Project was a least-cost resource and that its output was expected to ensure high levels of reliability in electric service. Westberg noted that in his experience GRE was a

¹⁹ Elk River Public Hearing Tr., at 22-25 (Skarbakka).

²⁰ *Id.*, at 27-37 (Herda).

²¹ *Id.*, at 38-41 (Strohfus).

²² Elk River Public Hearing Tr., at 15-16 (Jacobson).

²³ Elk River Public Hearing Tr., at 41-42, 45-47, and 58-59 (Peterson).

good company and he had no objections to the Project.²⁴

Summary of Testimony in Rosemount

At the public hearing in Rosemount, GRE and Department made similar presentations to those made in Elk River. Bob Cupit appeared on behalf of the Commission to describe its role in the CON and permitting process.²⁵

Frank Knoll, a resident of the area, noted that moving large equipment such as a CT could cause damage to local roads. Knoll supported the Project, but maintained that Elk River was a better location for it. GRE responded that it was responsible for any damage caused by moving equipment over the roadways.²⁶

Greg Fox, a resident near GRE's property, inquired about the potential for noise impact arising from the Project. GRE described the manner in which the anticipated noise was calculated and how that would impact area residents. GRE responded that the anticipated sound level of 50 dB(A) would be the equivalent of normal room sounds.²⁷

The potential economic impact of the Project was questioned by Fox. GRE responded that a modest increase would be seen in local employment and a significant increase in property tax revenue would occur for the local units of government. Eric Zweber, Senior Planner for the City of Rosemount, noted that the parcel for the Rosemount location was currently zoned for agricultural uses, but that it would be reclassified to commercial uses if the Project was located there.²⁸

Summary of Written Comments

No written comments were received regarding the Project.

Dated this 20th day of March, 2008.

/s/ Richard C. Luis

RICHARD C. LUIS
Administrative Law Judge

Reported: Janet Shaddix Elling, R.P.R.
Shaddix & Associates
Two Volumes

²⁴ Elk River Public Hearing Tr., at 48-55 (Westberg).

²⁵ Rosemount Public Hearing Tr., at 9-41.

²⁶ Rosemount Public Hearing Tr., at 68 (Knoll).

²⁷ Rosemount Public Hearing Tr., at 45-47.

²⁸ Rosemount Public Hearing Tr., at 63-67.



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March 20, 2008

To All Persons on the Service List

**BY U.S. MAIL, E-MAIL
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RE: ITMO the Application of Great River Energy for a Site Permit for the Elk River Peaking Station; MPUC Docket No. ET-2/GS-07-715, OAH Docket No. 7-2500-19143-2, and;

ITMO the Application of Great River Energy for a Certificate of Need for the Elk River Peaking Station; MPUC Docket No. ET-2/CN-07-678, OAH Docket No. 7-2500-19096-2

Please find enclosed and served on you the Summary of Testimony at Public Hearings issued in the above-entitled dockets.

Very truly yours,

/s/ Richard C. Luis

RICHARD C. LUIS
Administrative Law Judge

Telephone: 651-361-7843

Enclosures

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Administrative Law Judge’s Service List as September 7, 2007

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