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April 2, 2008

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission\
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

**RE: Comments of the Minnesota Department of Commerce, Office of Energy Security,
Energy Facilities Planning
Docket No. E017, E015, ET-6/TL-07-1327**

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce Office of Energy Security of the Minnesota Department of Commerce (OES) Energy Facility Permitting (EFP) Staff in the following matter:

Application for a Route Permit for the Bemidji – Grand Rapids 230kV Transmission Project

The issue before the Commission at this time is whether the Commission should authorize the appointment of an Advisory Task Force for the proposed project at this time. The OES recommends Appointment of an Advisory Task Force for the project and is available to answer any questions the Commission may have.

Sincerely,

Suzanne Lamb Steinhauer
Project Planner

SLS
Attachments

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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. E017, E015, ET-6/TL-07-1327

Meeting Date: April 10, 2008

Agenda Item # ____

Company: Otter Tail Power Company, Minnesota Power, and Minnkota Power Cooperative

Docket No. E017, E015, ET-6/TL-07-1327

In the Matter of the Application for a Route Permit for the Bemidji – Grand Rapids
230kV Transmission Project

Issue: Should the Commission authorize the appointment of an Advisory Task Force?

DOC Staff: Suzanne Lamb Steinhauer.....651-296-2888

Relevant Documents

Application for Certificate of Need for a 230 kV Transmission Line and Associated System
Connections from Bemidji to Grand Rapids, Minnesota (Otter Tail Power Company, Minnesota
Power, and Minnkota Power Cooperative, Inc.)..... March 17, 2008

The enclosed materials are work papers of the Department of Commerce Office of Energy Security
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).

Attached Documents

1. Advisory Task Force: Proposed Charge & Structure
2. Project Overview Map

(Relevant documents and project information can be found on eDockets (07-1327) or the PUC Facilities Permitting website:
<http://energyfacilities.puc.state.mn.us/Docket.html?Id=19344>)

Statement of the Issue

Should the Commission authorize the Office of Energy Security (OES) to establish an Advisory Task Force for the Bemidji – Grand Rapids 230 kV transmission project prior to submission of the route permit application?

Introduction and Background

On March 17, 2008, Otter Tail Power Company, Minnesota Power and Minnkota Power Cooperative (Applicants) filed an application for a certificate of need for a 230 kV Transmission Line and associated system connections from Bemidji to Grand Rapids under docket number E017, E015, ET-6/CN-07-1222. The Bemidji – Grand Rapids Project is one of four Group 1 Projects of the Capacity Expansion 2020 (CapX2020) initiative.

In that application, the Applicants noted their intent to file an application with the PUC for a route permit for the project, pursuant to Minnesota Statute 216E.03, subd. 2, shortly after filing the Certificate of Need application. OES Energy Facility Permitting (EFP) staff has had numerous discussions about the route permitting process over the past year with the applicant, state and federal agencies and staff of the Leech Lake Band of Objjway (LLBO).

Project Area

The Applicants have identified a 68-mile corridor is located in portions of Beltrami, Hubbard, Cass and Itasca counties as the preferred corridor for the Bemidji – Grand Rapids 230 kV Transmission Project. Approximately 65 percent of the corridor is located within the boundaries of the Leech Lake Reservation. The project corridor also crosses the Chippewa National Forest. The forthcoming route permit application will identify a preferred route and an alternate route within the identified corridor.

Project Description

The proposed Project consists of a 230 kV transmission line between the Wilton 230 kV Substation, located just west of Bemidji, and the Boswell 230 kV Substation in Cohasset, Minnesota. It also includes improvements to both the Wilton and Boswell substations and may include a 230 kV substation to service Cass Lake.

Regulatory Process and Procedures

A project of this size requires a route permit from the PUC under the full permitting process (Minnesota Statute 216E.03, subd. 2, and Minnesota Rules 7849.5040). As part of that process, OES prepares an Environmental Impact Statement and a contested case hearing is held. The high voltage transmission line may be constructed only along a route approved by the Commission.

Advisory Task Force

Minnesota Statute 216E.08 authorizes the Commission to appoint an advisory task force (ATF) to assist with identifying additional routes or specific impacts to be evaluated in an EIS. A task force terminates when the OES Director issues an EIS scoping decision.

An advisory task force appointed to evaluate sites or routes considered for designation may be comprised of as many persons as designated by the Commission, but shall contain at least one representative from each of the following:

- regional development commissions,
- counties,
- municipal corporations, and
- a town board from each county in which a route is proposed to be located.

No officer, agent, or employee of the applicant shall serve on the advisory task force.

Minnesota Rule 7849.5270 directs the Commission to determine whether to appoint a task force as early in the process as possible.

In addition, Minnesota Rule 7849.5270, subp. 2, allows a citizen to request appointment of a task force. The PUC would then need to determine at their next meeting if a task force should be appointed or not.

OES EFP Staff Analysis and Comments

In addressing the issue of whether the Commission should authorize the appointment of an ATF, EFP considered two questions: Is an ATF warranted for the project and, if so, should it be established at this time?

Is an Advisory Task Force Warranted?

The PUC is not required to assign an advisory task force for every project. In analyzing the merits of establishing an ATF for the project, OES EFP staff considered four project characteristics: size, complexity, sensitive resources, and known or anticipated controversy.

Project Size. The proposed transmission line is 230 kV. Applicants indicate that their preferred alternative will be approximately 68 miles long. Although not as

large as the other three CapX2020 projects currently before the Commission in Docket No. ET-2,E002/CN-06-1115, the proposed project larger in terms of both voltage and length than the majority of transmission projects that have recently been before the Commission.

Complexity. The project itself is not particularly complicated from a planning or engineering standpoint; it basically connects the Wilton Substation, east of Bemidji, with the Boswell Substation, in Cohasset. However, the project is complicated by the number of jurisdictions it crosses, the need for environmental review at the federal level, and the anticipation that portions of the proposed project corridor may be rather congested given the number of water bodies and existing and proposed linear features within the corridor.

Sensitive Resource. The landscape of the area consists of deciduous and coniferous forests, cropland, lakes and streams. Large portions of forested areas are managed as state and national forest. There are also various resources within the Leech Lake Reservation and Chippewa National Forest, which are important to the LLBO cultural heritage and traditional ways of life.

Known/Anticipated Controversy. OES EFP staff anticipates some controversy with the routing of the proposed Project due to the number of existing and proposed linear features within the identified corridor (Highway 2, BNSF railroad, existing transmission lines, seven existing pipelines and two proposed pipelines), the number of sensitive resources located within the corridor. There is interest from both the LLBO and the US Forest Service that route alternatives outside the project corridor identified in the Certificate of Need Application be evaluated.

Based on the analysis above, the OES EFP staff concludes that an ATF is warranted. OES EFP staff has developed a recommended charge and structure of an ATF should the Commission decide to authorize OES to establish one (**Attachment 1**).

Should an ATF be Established at This Time?

The decision whether to appoint an ATF does not need to be made at this time or even at the time of route permit application acceptance. However, the decision should be made as soon as practicable to ensure that the ATF has adequate time to provide input to the OES Director's EIS scoping decision. The Environmental Quality Board did on at least one occasion establish ATF's prior to submission of route permit application.

In addition, past experience with the citizen advisory committee used for the Nashwauk Pipeline application indicates that some local units of government find it difficult to nominate representative to an advisory committee in the short time between the Commission's application acceptance and the time of the first committee meeting. OES EFP staff believes that there is merit to providing early notice to governmental units to allow them more time to identify nominees. OES EFP staff anticipates that an initial

ATF meeting will be held shortly after the Commission's acceptance of the route permit application.

PUC Decision Options:

A. Advisory Task Force

1. Take no action on an advisory task force at this time.
2. Determine that an advisory task force is not necessary.
3. Authorize the OES to establish an advisory task force with the charge and structure recommended in Attachment 1.
4. Authorize the OES to establish an advisory task force with additions and/or deletions to the charge and structure recommended in Attachment 1.
5. Make another decision deemed more appropriate.

DOC OES EFP Staff Recommendation: Staff recommends options A3

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In the Matter of the Application of Otter Tail Power Company, Minnesota Power and Minnkota Power Cooperative for A Route Permit for the Bemidji – Grand Rapids 230 kV Transmission Project

ADVISORY TASK FORCE DECISION AND CHARGE

PUC DOCKET NO. E017, E015, ET-6/TL-07-1327

The above-entitled matter came before the Director of the Department of Commerce Office of Energy Security (OES) for a decision on the appointment of an Advisory Task Force (ATF) to advise the Public Utility Commission (Commission) on the application of Otter Tail Power Company, Minnesota Power, and Minnkota Power Cooperative (the Applicants) for a High Voltage Transmission Line Route Permit for the Bemidji – Grand Rapids 230 kV Transmission Project.

WHEREAS, the Applicants submitted an application for a Certificate of Need for the Bemidji – Grand Rapids Transmission Project on March 17, 2008; and

WHEREAS, Minnesota Statute 216E.08 provides for the establishment of an ATF to assist the Commission in carrying out its duties. Under the statute, the Commission shall provide guidance to the ATF in the form of a charge to the ATF and through specific requests to it; and

WHEREAS, Minnesota Statute 216E.08 establishes that an ATF be comprised of at least one representative from each of the following: regional development commissions, counties, municipal corporations, and a town board from each county in which a route is proposed to be located. This rule further stipulates that no officer, agent, or employee of the applicant shall serve on the citizen’s advisory committee; and

WHEREAS, on April 10, 2008, the Commission authorized the OES to establish an ATF for the project, and

THEREFORE, having reviewed this information, the OES makes the following determination with regard to the need for and charge to a ATF relating to this matter.

Advisory Task Force Authorization

As authorized by the Commission, the OES establishes an ATF to advise it in identifying impacts and route alternatives to be evaluated in the Environmental Impact Statement prepared by OES Energy Facility Permitting (EFP) staff for the proposed Bemidji – Grand Rapids Transmission Project. ATF members will be solicited, as required by Minnesota Statute 216E.08, subpart 1, from the following governmental units:

- Arrowhead Regional Development Commission
- Headwaters Regional Development Commission
- Region 5 Regional Development Commission
- Beltrami County
- Bemidji
- Rosby
- Bemidji Township
- Frohn Township
- Grant Valley Township
- Hubbard County
- Farris
- Guthrie
- Nary
- Farden Township
- Guthrie Township
- Hart Lake Township
- Helga Township
- Cass County
- Bena
- Cass Lake
- Federal Dam
- Otter Tail Peninsula NW Township
- Otter Tail Peninsula NE Township
- Pike Bay Township
- Wilkinson Township
- Itasca County
- Ball Club
- Zemple
- Cohasset Township
- Deer River Township
- Morse Township

The ATF will comprise no more than 24 members.

The OES charges the advisory task force members as follows:

The ATF members will assist the OES in determining (1) what routes should be evaluated and (2) what impacts and issues should be considered in the environmental impact statement prepared for the Bemidji – Grand Rapids Transmission Project. ATF members are expected to participate with OES EFP staff in up to three working meetings and develop a summary report for the Director containing their recommendations. The ATF will expire upon the EIS scoping decision.

The OES EFP staff is directed to compile a list of names for possible appointment to the ATF.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
OFFICE OF ENERGY SECURITY

Edward A. Garvey, Director

