office of energy security

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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 a 230-kV Transmission Line from Bemidji to Grand Rapids, Minnesota

ENVIRONMENTAL IMPACT STATEMENT SCOPING DECISION

PUC Docket No. E017, E015, ET6/ TL-07-1327

The above matter has come before the Director of the Office of Energy Security (OES) for a decision on the content of the Environmental Impact Statement (EIS) to be prepared in consideration of the Otter Tail Power Company, et al., Application for a Route Permit for a 230 kilovolt (kV) high voltage transmission line (HVTL) between the Wilton Substation, located east of Bemidji and the Boswell Substation in Cohasset (project). The project would affect portions of Beltrami, Hubbard, Cass and Itasca counties.

A Route Permit Application (E017, E015, ET6/ TL-07-1327) for the project was filed on June 4, 2008, and accepted on June 30, 2008.

Because of its size, the project requires both a certificate of need (Docket No. 07-1222) and a route permit (Docket No. 07-1327). An Environmental Report is being prepared for this project under the certificate of need proceedings (Docket No. 07-1222).

Minnkota Power Cooperative is requesting a loan for the project from the Rural Utilities Service (RUS) of the United States Department of Agriculture. The RUS's decision to grant or deny the loan constitutes a federal action, and thus requires a review of project alternatives and environmental effects under the National Environmental Policy Act (NEPA), 42 USC §§ 4321-4347 and implementing regulations 40 CFR 1500 -1508. In addition to RUS loan approval, the project also requires review under NEPA for a number of federal actions, including actions by the US Forest Service, Chippewa National Forest and US Army Corps of Engineers. RUS serves as the lead federal agency for NEPA review. OES and RUS both wish to minimize to the extent possible any duplication of procedures or work products as well as confusion of multiple review processes. To that end the OES and the RUS have entered into a memorandum of understanding to prepare a joint environmental review document that meets both Minnesota and federal environmental review requirements. Under this agreement, the OES serves as the lead agency in preparing the EIS.

The OES established an Advisory Task Force (ATF) to provide advice on: (1) what routes should be evaluated, and (2) what impacts and issues should be considered in the EIS for the project.

The ATF met twice during the summer of 2008. The meetings were open to the public and were attended by task force members, OES staff, representatives of federal agencies, and the applicants. The ATF, through a facilitated process, discussed the proposed project and the charge of the task force. Task force members identified and prioritized 15 issues and impacts to be considered in the EIS. The ATF identified no additional routes, beyond those proposed by the applicants, to be evaluated in the EIS. The ATF's recommendations were considered during preparation of this scope. The recommendations of the ATF can be found in their report, located on the project website: http://energyfacilities.puc.state.mn.us/documents/19344/Final%20ATF%20Report.pdf

The OES Energy Facilities Permitting (EFP) unit held public information meetings on August 11-15, 2008, in Black Duck, Cass Lake, Deer River, Bemidji and Walker to inform the public about the project and the regulatory proceedings; discuss environmental, social and economic issues of importance in the area potentially affected; and to gather public input into the scope of the environmental documents to be prepared for the project. The meetings provided the public an opportunity to ask questions about the project and to suggest alternatives and specific impacts to address in the environmental review of the project. Approximately 120 people attended the public information meetings. In addition to the oral comments received at the public information meetings, more than 120 written comments were received by the close of the public comment period on September 30, 2008. All written comments as well as the transcripts for the public information meetings may be viewed at the project website maintained by the PUC, http://energyfacilities.puc.state.mn.us/Docket.html?Id=19344. All oral and written comments were reviewed and considered during the preparation of this EIS scope.

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

MATTERS TO BE ADDRESSED

The EIS on the proposed Bemidji – Grand Rapids 230 kV High Voltage Transmission Line Project will address and provide information on the following matters:

A. GENERAL DESCRIPTION OF THE PROPOSAL: The EIS will describe the proposed project, including a summary of the project background and a description of the general study area.

1. Purpose of the Transmission Line
2. Project Location and Environmental Setting
3. Engineering and Operation Design of Proposed Project
    a. Transmission Line and Structures
    b. Transmission Capacity
    c. Construction Procedures
    d. Right-of-Way Maintenance

B. REGULATORY FRAMEWORK: The EIS will provide information on the regulatory framework, including the NEPA review and an explanation of the Minnesota environmental review and permitting process. The EIS will provide an overview of the public scoping process and comments.

C. AFFECTED ENVIRONMENT AND ENVIRONMENTAL CONSEQUENCES: The EIS will include a discussion of the social and environmental resources potentially impacted by the project and its alternatives. Potential impacts, both positive and negative, of the proposed project and each alternative considered will be described. Based on the impacts identified, the EIS will describe mitigative measures that could reasonably be implemented to reduce or eliminate the identified impacts. The EIS will address impacts and mitigative measures to:

1. Aesthetics
2. Air Quality and Climate
3. Geology and Soils
4. Water Resources
5. Wetlands
6. Flora
7. Fauna
8. Rare and Unique Species and Communities
9. Cultural Resources and Values
10. Land Use
11. Socioeconomics
12. Environmental Justice
13. Recreation and Tourism
14. Agriculture
15. Forestry
16. Mining
17. Community Services
18. Utility Systems
19. Traffic and Transportation
20. Safety and Health (including electromagnetic fields and safety codes)
21. Noise

D. ALTERNATIVES TO BE EVALUATED IN EIS: The EIS will identify and discuss alternatives to the proposed project. The EIS will identify and describe alternatives considered but not carried forward for detailed evaluation and provide a rationale for not including them in detailed evaluation.

In addition to the two routes proposed in their Route Permit Application filed with the Commission, the applicants developed other routing alternatives as part of the scoping material developed for RUS under its NEPA process. These routing alternatives were study areas of approximately 2 miles in width, referred to as "macrocorridors."

There was a widespread desire among members of the public, as well as federal agency partners that the EIS evaluate route alternatives in addition to the two proposed by the Applicants.

In conjunction with the Applicants, OES staff developed 1,000 foot routes within each of three "macrocorridors" identified in the scoping materials prepared for the RUS. Staff from OES and federal partner agencies reviewed more detailed social and environmental information on the five routes (the two applicant-proposed and one in each of the additional three "macrocorridors"). Based on the results of that analysis, it was concluded that potential impacts from three routes should be evaluated in the EIS. These routes are described below and shown in the map attached to this document:

- **Route 1**: This is the route preferred by the Applicants in their route permit application to the Minnesota Public Utilities Commission. This route is approximately 69 – 74.8 miles in length (depending upon the sub alternatives) and generally follows the Great Lakes Gas Transmission Company pipeline and a 115 kV transmission line rights-of-way.
- **Route 2**: This route was proposed by the Applicants as an alternate route in their route permit application to the Minnesota Public Utilities Commission. This route is approximately 68 – 72.4 miles (depending upon sub alternatives) and generally follows U.S. Highway 2 and the Enbridge pipeline rights-of-way.
- **Route 3**: This route follows existing pipeline, transmission and road rights-of way for most of its 116 miles. The route heads southeast out of the Wilton Substation, then northeast to the Blackduck area; there are several route variations around the city of Blackduck. From Blackduck, the route heads east and then south to Deer River, and then southeast to the Boswell Substation. This route avoids the heart of the Chippewa National Forest and largely avoids the Leech Lake Reservation.

E. IDENTIFICATION OF PERMITS: The EIS will include a list of permits that will be required for the applicant to construct this project.

ISSUES OUTSIDE THE SCOPE OF THE EIS

The Draft Environmental Impact Statement will not consider the following materials:

1. The manner in which land owners are paid for transmission right-of-way easements, as that is outside the PUC route permitting jurisdiction
2. Any route alternatives not specifically identified in this Scoping Decision

STATE AND FEDERAL COORDINATION

Minnesota Rule 4410.3900 anticipates coordinating state and federal review where possible. The OES, through the Department of Commerce, has entered into a Memorandum of Understanding with the Rural Utilities Service to prepare an EIS to meet both federal and state requirements. OES will prepare both an Environmental Report and EIS for the project to meet the state requirements. OES anticipates continued cooperation with RUS on the EIS being prepared for the route permit proceedings.

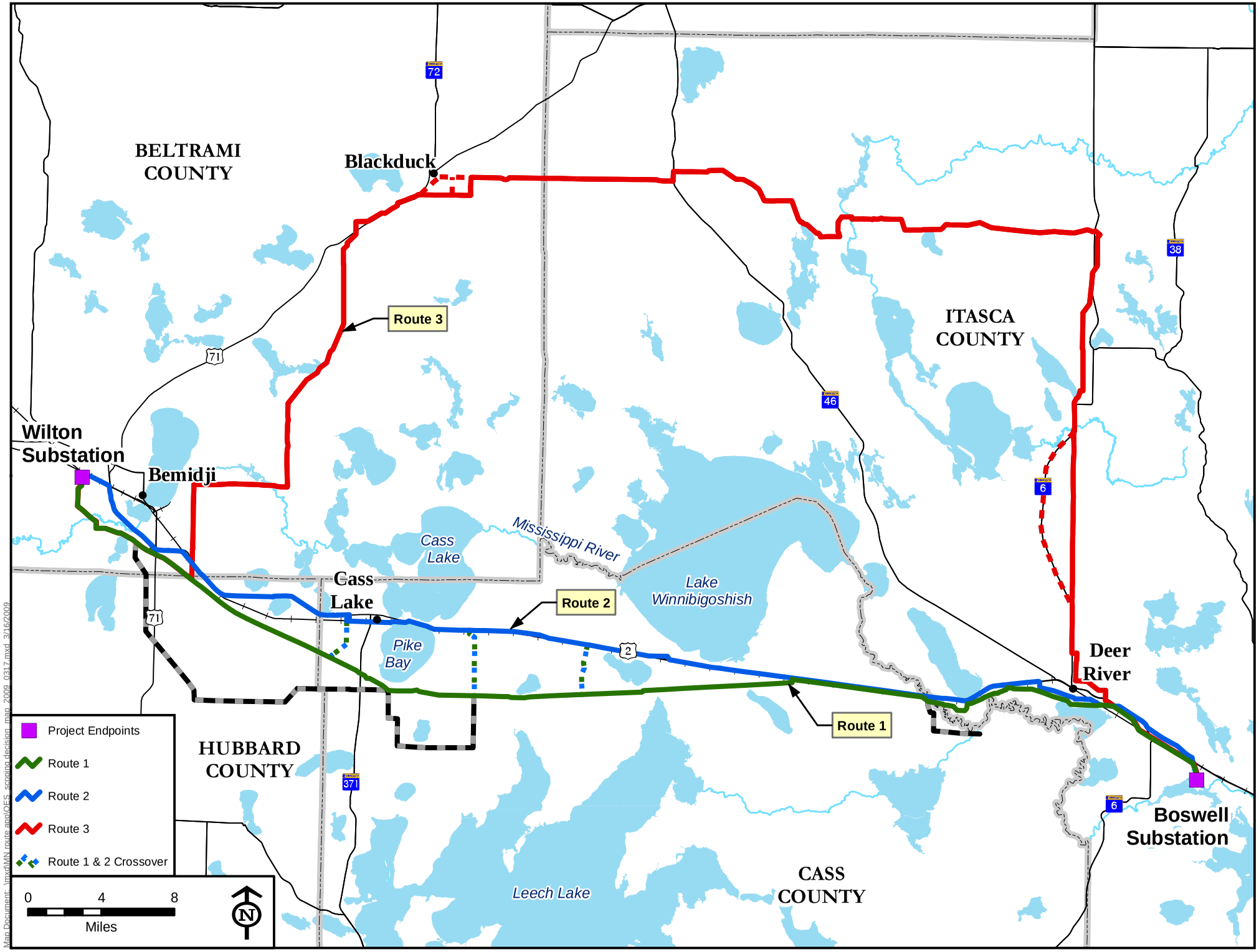
SCHEDULE

The Draft EIS shall be completed and available by August, 2009.

Signed this 31st day of March, 2009

STATE OF MINNESOTA
OFFICE OF ENERGY SECURITY

William Glahn, Director


BELTRAMI COUNTY
Blackduck
Route 3
ITASCA COUNTY
Wilton Substation
Bemidji
Cass Lake
Mississippi River
Lake Winnibigoshish
Cass Lake
Route 2
Pike Bay
Deer River
Route 1
HUBBARD COUNTY
Leech Lake
CASS COUNTY
Boswell Substation
Project Endpoints
Route 1
Route 2
Route 3
Route 1 & 2 Crossover
0
4
8
Miles
N
72
38
46
6
71
2
371
Map Document: \mxd\MN route app\OES_scoping decision_map_2009_0317.mxd 3/16/2009