



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA OFFICE OF ENERGY SECURITY
ENERGY FACILITY PERMITTING STAFF**

DOCKET NO. E299/TL-07-1366

Meeting Date: July 31, 2008

Agenda Item # _____

Company: Rochester Public Utilities

Docket No. E299/TL-07-1366

In the Matter of the Application of Rochester Public Utilities for a Route Permit for a 161kV Transmission Line and Substation

Issue(s): Should the Commission find that the Environmental Assessment and the record adequately address the issues identified in the Scoping Decision? Should the Commission issue a route permit identifying a specific route and permit conditions for the proposed Project?

OES Staff: Adam M. Sokolski651-296-2096

Relevant Documents (in Commission Packet)

Initial Filing- Route Permit Application December 17, 2007
Environmental Assessment May 22, 2008
ALJ's Summary of Testimony at Public Hearings July 1, 2008

The enclosed materials are work papers of the 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).

Documents Attached

1. Proposed Findings of Fact and Conclusions
2. Proposed Route Permit
3. Exhibit List

(Relevant documents and additional information can be found on eDockets (07-1366) or the PUC Facilities Permitting website <http://energyfacilities.puc.state.mn.us/>)

Statement of the Issues

Should the Commission find that the Environmental Assessment and the record adequately address the issues identified in the Scoping Decision? Should the Commission issue a route permit identifying a specific route and permit conditions for the proposed Project?

Introduction and Background

Rochester Public Utilities (RPU), a municipal utility and division of the city of Rochester, proposes to build a new 161 kilovolt (kV) high voltage transmission line (HVTL) and a new substation. The transmission line route proposed is approximately 7 miles in length and connects to an existing 161 kV transmission line and an existing substation. RPU filed its application for a route permit with the PUC on December 14, 2007.

RPU indicates that the proposed RPU Westside 161 kV transmission line and substation project (the Project) is intended to serve local load growth on the northwestern fringe of Rochester. RPU also notes that the Project is independent and separate from the two 161 kV transmission lines proposed in the CapX 2020 transmission project Certificate of Need application (PUC Docket ET-2, E-002/CN-06-1115).

Project Area

The Project is proposed partially within Rochester and in Kalmar and Cascade townships, Olmsted County. The entire proposed route runs parallel to county and city road rights-of-way (ROW) or on existing electric distribution lines adjacent to an existing state trail.

The area along the proposed route is mostly rural residential and agricultural, although a suburban residential development is present and others are planned in the area. Several existing transmission and distribution lines are present in the area. RPU proposes to utilize existing transmission line or distribution line right-of-way and structures for approximately 2.2 percent the proposed 6.6 mile 161 kV transmission line.

Project Description

The length of the proposed transmission line route is approximately 6.6 miles. RPU requests a 250 foot wide route. RPU also proposes to construct a new Westside substation on a large parcel it owns.

RPU's proposed route is described below, and a color map is attached:

Phase 1 of the Proposed Project would install the proposed 161 kV transmission line on a route that connects to the existing 161kV line at the Valleyhigh Road/C.R. 4 intersection with 50th Avenue NW, running due south along 50th Avenue NW to 19th Street NW on existing transmission line poles. The route would then west along 19th Street NW on new transmission line poles to the proposed Westside substation at the intersection of 19th Street NW and C.R. 60th Avenue.

Phase 2 of the Proposed Project would include installation of new 161 kV transmission poles and line from the Westside substation north approximately 3.4 miles, sharing the 60th Avenue NW/C.R. 104 ROW, to just south of 65th Street NW where the Douglas Trail intersects with 60th Avenue. The 161 kV line would then be installed on approximately 1.3 miles of existing power poles located on a 25-foot easement just south of the Douglas Trail corridor to complete a loop connection to the Northern Hills substation.

Regulatory Process and Procedures

A route permit from the Commission is required to construct an HVTL, which is a transmission line and associated facilities capable of operation at 100 kilovolts or more. The Power Plant Siting Act requirement became law in 1973 in Minnesota Statutes Chapter 216E. The rules to implement the permitting requirement for a transmission line are in Minnesota Rules Chapter 7849.

The Application was reviewed under the Alternative Review Process (Minnesota Rules 7849.5510) of the Power Plant Siting Act. Under the Alternative Review Process, an applicant is not required to propose any alternative sites or routes. The OES EFP staff holds initial public information/scoping meeting, develops a scoping decision recommendation, prepares a document called an EA, and holds public hearing is held. The Commission has six months to reach a decision under the Alternative Process from the time an application is accepted

Application and Acceptance

On October 18, 2007, RPU filed a letter with the PUC noticing the company's intent to submit a Route Permit Application under the Alternative Permitting Process. On December 17, 2007, RPU filed a Route Permit Application for the proposed project. The Commission accepted the Application as complete on January 29, 2008.

Public Information and EA Scoping Meeting

On February 28, 2008, EFP staff held a public information/scoping meeting in Rochester. Approximately 15 people, excluding OES 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.

Three comment letters were received during the scoping comment period concerning the Project. The comment letters suggested on which side of the road the transmission line could be built, inquired about the width of the transmission ROW and provided information about planned future development in the area.

The EA Scoping Decision was signed by the Director of the OES on March 31, 2008. The EA was made available on May 22, 2008.

Public Hearing

The OES EFP staff requested that the Office of Administrative Hearings assist the OES by assigning an ALJ to preside over the public hearing and provide a summary of testimony at the public hearing.

ALJ Beverly Jones Heydinger conducted a public hearing during the evening of June 5, 2008. The public hearing was held at the Rochester Athletic Club in Rochester, Minnesota. Three people attended the hearing. The ALJ provided the opportunity for members of the public to air their views regarding the proposed route of the transmission line. Questions and comments at the hearing focused on which side of the road the transmission line could be built on and potential impacts on future development along County Road 104/60th Avenue. The ALJ filed a summary of testimony at the public hearing on July 1, 2008. No written comments were received.

Standards for Permit Issuance

The Power Plant Siting Act sets standards and criteria and outlines the factors to be considered in determining whether to issue a permit for a HVTL (Minnesota Statutes Chapter 216E and Minnesota Rules 7849.5900). Also, the law allows the PUC to place conditions on HVTL permits (Minnesota Statute 216E.03 and Minnesota Rule 7849.5960).

DOC EFP Staff Analysis and Comments

The OES EFP staff has attached proposed Findings of Fact, Conclusions and Order (Attachment A) and a proposed Route Permit (Attachment B). A list of documents that are part of the record in this proceeding is included on the attached Exhibit List (Attachment C). EFP staff made these documents available to the public on July 18, 2008. The Findings indicate that the permitting process has been conducted in accordance with Minnesota Rules Chapter 7849, identify route impacts and mitigation measures, and make conclusions of law. The proposed Route Permit includes measures to ensure the line is constructed in a safe, reliable manner and that impacts are minimized or mitigated.

Staff Analysis

EFP staff has reviewed RPU's proposed route. The proposed route was examined in detail in the EA and at the public hearing. The EFP staff concludes that the proposed route is the most reasonable and prudent route for the transmission line in the affected area.

The only significant issue raised during the process was the total width of the combined transmission line and County Road 104/60th Avenue ROW. The Rochester, Olmsted County and RPU are jointly planning to expand and relocate the road driving surface, acquire a wider ROW, and accommodate the proposed transmission line inside of the road ROW. It is possible that the width of the combined transmission and road ROW will need to be reduced in the vicinity of 55th Street NW to accommodate future development. The EFP staff has written the route permit to allow a 250-foot transmission line route to address this issue.

PUC Decision Options

A. Approve and Adopt the Findings of Fact, Conclusions of Law and Order for the Rochester Public Utilities Westside 161 kV Transmission and Substation Project which:

1. determines that the Environmental Assessment and record created at the public hearing address the issues identified in the EA Scoping Decision;
2. approves the proposed route for the construction of the transmission line, and;
3. issues a high voltage transmission line Route Permit, with appropriate conditions, to Rochester Public Utilities.

B. Approve and adopt the Findings of Fact, Conclusions and Order as above while imposing any further permit conditions as deemed appropriate.

C. Amend the Findings of Fact, Conclusions and Order and Route Permit as deemed appropriate.

D. Make some other decision deemed more appropriate.

EFP Staff Recommendation: Option A.

STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

<p>IN THE MATTER OF THE APPLICATION OF ROCHESTER PUBLIC UTILITIES FOR A ROUTE PERMIT FOR A 161 KV TRANSMISSION LINE AND SUBSTATION</p>	<p>FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ISSUING A ROUTE PERMIT TO ROCHESTER PUBLIC UTILITES FOR THE WESTSIDE TRANSMISSION LINE AND SUBSTATION PROJECT</p> <p>MPUC DOCKET NO. E299/TL-07-1366</p>
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The above-captioned matter came before the Minnesota Public Utilities Commission (PUC or Commission) on July 31, 2008, acting on an application by Rochester Public Utilities (RPU or the Company) for a Route Permit to construct a new, 161 kilovolt (kV) high voltage transmission line (HVTL) and substation in the city of Rochester and within Cascade and Kalmar townships in Olmsted County.

A public hearing was held by Administrative Law Judge Beverly Jones Heydinger on June 5, 2008.

STATEMENT OF ISSUE

Should the Commission find that the Environmental Assessment (EA) and the record adequately address the issues identified in the Scoping Decision? Should the Commission issue a route permit identifying a specific route and permit conditions for the proposed Project?

Based upon all of the proceedings herein, the Commission makes the following:

FINDINGS OF FACT

The Applicant

1. The Applicant is Rochester Public Utilities (RPU), the municipal utility division of the city of Rochester. RPU provides electricity and other energy and utility services to customers within Rochester.

The Project

2. RPU proposes to construct a new, 161 kV transmission line and a new substation in Rochester and within Cascade and Kalmar townships in Olmsted County. The Project is intended to serve local load growth on the developing, northwest fringe of Rochester. The Project is independent and separate from the 345 kV and two 161 kV transmission lines proposed in the CapX 2020 transmission project Certificate of Need application before the PUC (PUC Docket ET-2, E-002/CN-06-1115). The route permit application, maps, appendices, and other documents were made available to the public through the PUC Energy Facility and edockets websites.¹

3. The RPU Northwest Transmission Line and Westside Substation Project (Project) is proposed in an area which is being converted from a rural, agricultural land use to an area developed as a suburban residential. Nearly the entire proposed route runs parallel to state, county and township road rights-of-way, as well as, parallel to a designated state trail. Several transmission and distribution lines are present in the area.²

4. RPU's proposed route is described below:

Phase 1 of the Proposed Project would install the proposed 161 kV transmission line on a route that connects to the existing 161kV line at the Valleyhigh Road/C.R. 4 intersection with 50th Avenue NW, running due south along 50th Avenue NW to 19th Street NW on existing transmission line poles. He route would then west along 19th Street NW on new transmission line poles to the proposed Westside substation at the intersection of 19th Street NW and C.R 60th Avenue.

Phase 2 of the Proposed Project would include installation of new 161 kV transmission poles and line from the Westside substation north approximately 3.4 miles, sharing the 60th Avenue NW/C.R. 104 ROW, to just south of 65th Street NW where the Douglas Trail intersects with 60th Avenue. The 161 kV line would then be installed on approximately 1.3 miles of existing power poles located on a 25-foot easement just south of the Douglas Trail corridor to complete a loop connection to the Northern Hills substation.

5. RPU proposes to utilize wood transmission line structures (poles) for the proposed line. The span or distance between poles will average 250 – 275 feet. Figure 4 in the Application shows a cross section drawing of a typical 161 kV single pole structures being considered for this Project. The transmission line will utilize 954 aluminum core steel reinforced (ACSR) conductors, as well as a shield wire to protect the conductors and structures from lightning.

¹ RPU Westside Project information is located on the PUC website at:
<http://energyfacilities.puc.state.mn.us/Docket.html?ld=19459>

² Exhibit 2

6. The transmission right-of-way (ROW) or easement area width requirement for the transmission project will vary depending on the location. RPU indicates that the maximum new ROW width will be 50 feet wide. The width of the ROW cleared will be less in areas where the new transmission line follows an existing linear corridor, such as an existing road. RPU will seek a permanent easement, providing the right to construct, operate and maintain the transmission line, for the full width and length of the ROW. ROW way width depends on conductor blowout and the required clearances to obstructions along the route.³

Procedural History

7. On October 18, 2007, RPU submitted a notice of intent to the Commission indicated that it would submit a Route Permit Application under the Alternative Permitting Process set forth in Minnesota Rules 7849.5500 to 7849.5720.⁴

8. On December 18, 2007, RPU filed a Route Permit Application for the proposed Project.⁵

9. The Commission accepted the Application as complete on January 29, 2008.⁶

10. On February 8, 2008, the Department of Commerce (DOC) Office of Energy Security (OES) mailed a combined Notice of Filing the Route Permit Application and Notice of Public Information and Environmental Assessment (EA) Scoping Meeting to those persons whose name appeared on the PUC's power plant general notification list, local officials and property owners in compliance with Minnesota Rule 7849.5550.⁷

11. RPU published Notice of Application and Notice of Public Information and Environmental Assessment (EA) in the *Rochester Post Bulletin* newspaper on February 12, 2008, in compliance with Minnesota Rules 7849.5500 and 7849.5570.⁸

12. A Public Information and EA Scoping meeting was held on February 28, 2008, at the Rochester Athletic Club in Rochester, Minnesota, in accordance with Minnesota Rule 7849.5570. Approximately 15 persons attended. During the meeting, several landowners asked questions about the proposed route, ROW width and the side of County Road 104/60th Avenue Northwest on which the transmission line would be placed. These issues, along with the typical line routing impacts, were incorporated into the EA Scoping Decision.

³ Exhibit 2

⁴ Exhibit 1

⁵ Exhibit 2

⁶ Exhibit 5

⁷ Exhibit 6

⁸ Exhibit 7

13. Three (3) comment letters were received, however, none proposed an alternative route. The comment letters suggested which side of the road the transmission line could be built on, inquired about the width of the transmission ROW and provided information about planned future development in the area.⁹

14. The EA Scoping Decision was signed by the Director of the Office of Energy Security on March 31, 2008.¹⁰

15. The EA was filed with the PUC and made available on May 22, 2008.¹¹

16. Pursuant to Minnesota Rule 7849.5710, RPU published Notice of Public Hearing in the *Rochester Post Bulletin* on May 23, 2008.¹²

17. On May 22, 2008, the OES mailed a Notice of Public Hearing to those persons on the project mailing list and to those local governmental representatives required to be served with notice in accordance with Minnesota Statute 216E.03 and Minnesota Rule 7849.5710.¹³

18. Administrative Law Judge (ALJ) Beverly Jones Heydinger presided over a public hearing during the evening of June 5, 2008. The public hearing was held at the Rochester Athletic Club, 3100 19th Street N.W., Rochester, Minnesota. The ALJ provided the opportunity for members of the public to air their views regarding the proposed route transmission line.

19. OES, Energy Facility Permitting project manager Adam Sokolski appeared at the Public Hearing on behalf of the OES staff and pursuant to Minnesota Rule 7849.5710, subpart 3, provided a presentation describing the Route Permit process, the proposed Project, the EA and introduced documents into the record.¹⁴

20. RPU employee Joseph Hensel, Director of Field Services, appeared at the hearing on behalf of RPU and testified about the Project, proposed route, human, agricultural and environmental impacts, and other matters related to the Project.¹⁵

21. Three members of the public attended the Public Hearing. All persons who desired to speak were afforded a full opportunity to make a statement on the record.¹⁶

⁹ Exhibits 7, 8, and 13

¹⁰ Exhibit 9

¹¹ Exhibit 11

¹² Exhibit 12

¹³ Exhibit 10

¹⁴ Exhibit 14

¹⁵ Id.

¹⁶ Id.

22. A comment period for written comments closed on June 13, 2008. No written comments were received.¹⁷ On July 1, 2008, the ALJ filed a Summary of Testimony at the Public Hearing.¹⁸

Environmental Assessment Analysis of Proposed Route and Alternative Route

23. The EA was prepared in accordance with Minnesota Rule 7849.5700 and contained all of the information required. The EA evaluated RPU's proposed route.¹⁹

Potential Impacts and Mitigation

24. Permanent impacts will occur due to the placement of the transmission line poles. Temporary impacts may include soil compaction and crop damage within the transmission line right-of-way (ROW). Landowners will be compensated for the use of their land and crop damages through easement payments. Additionally, to minimize loss of farmland and to ensure access to the land near the poles, RPU intends to place the poles within 10 feet outside of the road ROW for nearly the entire length of the route, and within a newly expanded road ROW along County Road 104/60th Avenue. When possible, RPU will attempt to construct the transmission line before crops are planted or following harvest. RPU will compensate landowners for crop damage and soil compaction that occur as a result of the Project.²⁰

25. The proposed transmission lines will be designed to meet or exceed all requirements of the National Electric Safety Code (NESC), which is the utility safety standard that applies to all transmission lines. In addition, the substation facilities will be fenced, and access will be limited to authorized personnel. The proposed transmission line and substation will meet the National Electric Reliability Council's (NERC) reliability standards.

26. The Project will create only nominal corona or noise impacts and mitigation measures are not necessary.

27. Nearly the entire length of the proposed route utilizes existing transmission and transportation corridors, and will avoid homes to the greatest extent practicable. The transmission line and structures may contrast with surrounding land uses. RPU will work with landowners to identify and address concerns related to the transmission line, including tree clearing, replanting cleared areas, soil compaction and crop damages. The final alignment of the transmission line, where routed along existing roads, can cross the road in order to avoid homes and farmsteads.

¹⁷ Id.

¹⁸ Id.

¹⁹ Exhibits 2, 6, 7, 9, 11

²⁰ Exhibits 2, 11

28. Socioeconomic impacts will be primarily positive. The Project may create short-term construction expenditures in the area and transmission capacity to serve the residential and suburban growth in the area.

29. Other than the Douglas State Trail, there are no public recreational areas, Wildlife Management Areas (WMA), or other public parks near the Project. The Project will not impact these resources. There is presently one electric distribution line adjacent to the Douglas State Trail. No new ROW or tree clearing will be required to construct the proposed transmission line along the Douglas State Trail.²¹

30. Traffic levels may be slightly impacted during construction of the Project, with no impacts anticipated during facility operation; and no mitigation is necessary. The operation of the transmission line will have no impact on traffic patterns or usage. The route permit requires RPU to cooperate with local units of government on placement transmission structures in a manner to accommodate planned future road rebuilding and reconstruction plans.

31. The proposed transmission line will not impact active mining operations.

32. The proposed route does not contain prohibited sites, including National Parks; national historic sites and landmarks, national historic districts; national wildlife refuges; national monuments; national wild, scenic and recreational river ways; state wild, scenic, and recreational rivers and their land use districts; state parks; nature conservancy preserves; state scientific and natural areas; and state and national wilderness areas.

33. Construction of the transmission line will result in no disturbances to the bedrock geology beneath the Project route. Soils exposed during construction may be vulnerable to erosion until stabilized. Some compaction of surface soils may result from the use of heavy construction equipment. RPU will implement best management practices (BMP) during construction activities to prevent and minimize soil erosion and compaction as stated in the Application and as required by the National Pollutant Discharge Elimination System (NPDES) permit required and issued by the Minnesota Pollution Control Agency (MPCA).

34. A review of records at the Minnesota State Historical Preservation Office (SHPO) indicated no previously recorded architectural or historic resources within the proposed route. In addition, a Phase I cultural resources survey was conducted for the proposed upgrade and expansion of Olmsted County Road 104/60th Avenue NW project, which identified two potential locations of archaeological resources within the area. These locations will be further surveyed prior to the construction and will be avoided should surveys find archaeological resources. Impacts to archaeological and historic resources are not anticipated as a result of the proposed project. In the event that an

²¹ Exhibit 2

impact would occur, RPU will determine the nature of the impact and consult with the state archaeologist and/or SHPO on mitigation.

35. Limited impacts to trees will occur due to the routing of the transmission line. Trees and tall vegetation greater than 25 feet tall will be cleared for approximately 25 feet on either side of the transmission line along the route. To minimize impacts to trees, RPU will only remove trees located in the ROW for the transmission lines.

36. There is potential for displacement of wildlife during construction of the Project and the loss of small amounts of habitat from the transmission line route. Displacement of fauna is anticipated to be temporary in nature. Because no long-term population-level effects are anticipated, no mitigation will be required.

37. Transmission lines can pose an electrocution danger to large birds such as raptors; however, design standards for 161 kV lines provide adequate spacing to eliminate the risk of raptor electrocution, so there are no concerns about avian electrocution as a result of the transmission line.

38. The issue of electromagnetic fields (EMF) was discussed in the EA. EMF are present around any electrical device and have been the subject of much discussion regarding potential human health effects. The intensity of the electric field is related to the voltage of the line and the intensity of the magnetic field is related to the current flow through the conductors. Both magnetic and electric fields decrease in intensity with increasing distance from the source.

39. There is insufficient evidence to demonstrate a causal relationship between EMF exposure and any adverse human health effects. On the basis of the most current information available from the World Health Organization and expert advice of the Minnesota Department of Health, no Minnesota regulations have been established pertaining to magnetic fields from HVTLs.

40. Impacts to air quality will be minimal, temporary, and associated only with ROW clearing and line construction.

41. Construction of the Project will not directly affect surface water resources. During construction, there is a possibility of sediment reaching surface waters as the ground is disturbed by excavation, grading and construction traffic. Though no permanent impacts to water bodies or wetlands are anticipated, RPU will minimize impacts to wetlands and other water resources by using standard erosion control measures and BMPs. A NPDES permit from the MPCA and Storm Water Pollution Prevention Plan will be required for the Project. Once the Project is complete it will have no impact on surface water quality. No additional mitigation is necessary.

42. At the request of RPU, the DNR searched its Minnesota Natural Heritage database for known occurrences of rare species and natural communities within 1 mile of the proposed route. The DNR's search resulted in the identification of a state species of

special concern, Rattlesnake master (*Eryngium yuccifolium*), a native wildflower species present in a disturbed prairie parcel near the proposed route. In correspondence included in the Application, the DNR indicates that the Project is not expected to have negative impacts on the Rattlesnake master and that mitigation measures are not necessary.

43. Constructing the proposed transmission line within the proposed route is not expected to cause an irreversible or irretrievable commitment of resources.

44. In its Application, RPU estimated that the Project will cost approximately \$11,000,000.

Applicable Statutory Conditions

45. The Project is eligible for the Alternative Routing Process of the Power Plant Siting Act, Minnesota Statute 216E.04 and Minnesota Rule 7849.5500.

46. Minnesota Statute 216E.03, subdivision 7 and Minnesota Rule 7849.5910 provide considerations in designating sites and routes and determining whether to issue a permit for a large electric power generating plant or a high voltage transmission line.

Based on the Findings of Fact, the Commission makes the following:

CONCLUSIONS OF LAW

1. Any of the foregoing Findings more properly designated as Conclusions are hereby adopted as such.
2. The PUC has jurisdiction over the subject matter of this proceeding pursuant to Minnesota Statute 216E.03, subdivision 2.
3. The Project qualifies for review under the Alternative Review Process of Minnesota Statute 216E.04 and Minnesota Rule 7849.5510.
4. The Applicant, the OES and the PUC have complied with all procedural requirements required by law.
5. The OES has completed an Environmental Assessment on this Project as required by Minnesota Statute 216E.04, subdivision 5 and Minnesota Rule 7849.5700.
6. The PUC has considered all the pertinent factors relative to its determination of whether a Route Permit should be approved as required by Minnesota Statute 216E.03, subdivision 7 and Minnesota Rule 7849.5910.

7. The conditions included in the Route Permit are reasonable and appropriate.

Based on the Findings of Fact and Conclusions contained herein and the entire record of this proceeding, the Commission hereby makes the following:

ORDER

A Route Permit is hereby issued to Rochester Public Utilities to construct approximately 6.6 miles of the Westside 161 kilovolt (kV) transmission line and substation in the city of Rochester and within Cascade and Kalmar townships in Olmsted County. The approved route and substation site shall follow the route proposed in RPU's route permit application for the entire length.

The Route Permit shall be issued in the form attached hereto, with a map showing the approved route for the transmission line and substation site.

Approved and adopted this _____ day of August, 2008.
BY ORDER OF THE COMMISSION

Burl W. Haar,
Executive Secretary

**ROUTE PERMIT FOR CONSTRUCTION OF A HIGH
VOLTAGE TRANSMISSION LINE**

IN

OLMSTED COUNTY, MINNESOTA

ISSUED TO

ROCHESTER PUBLIC UTILITIES

PUC DOCKET No. E299/TL-07-1366

In accordance with the requirements of Minnesota Statutes Chapter 216E and Minnesota Rules Chapter 7849, this Route Permit is hereby issued to:

ROCHESTER PUBLIC UTILITIES

Rochester Public Utilities (RPU) is authorized by this route permit to construct a new 161 kilovolt (kV) high voltage transmission line in the city of Rochester and within Cascade and Kalmar townships in Olmsted County. RPU is authorized to construct a new transmission substation at southeastern corner of the intersection of 60th Avenue NW and 19th Street NW.

The transmission line shall be built within the route identified in this permit and as portrayed on the attached official route map, and in compliance with the conditions specified in this permit.

Approved and adopted this _____ day of
August, 2008

BY ORDER OF THE COMMISSION

Burl W. Haar,
Executive Secretary

I. ROUTE PERMIT

The Minnesota Public Utilities Commission (Commission) hereby issues this route permit to Rochester Public Utilities (RPU or Permittee) pursuant to Minnesota Statutes Chapter 216E and Minnesota Rules Chapter 7849. This permit authorizes RPU to construct approximately 6.6 miles of 161 kilovolt (kV) high voltage transmission line (HVTL) and construct a new substation at the southeastern corner of the intersection of 60th Avenue Northwest and 19th Street Northwest.

II. PROJECT DESCRIPTION

RPU is authorized to build a new, approximately 6.6 mile, 161 kV transmission line and a new transmission substation at the southeastern corner of the intersection of Olmsted County Road 104 and 19th Street Northwest.

The transmission line authorized by this permit will utilize bundled 954 kcmil aluminum conductor steel reinforced (ACSR) conductors. RPU is authorized to use wood or steel, transmission line structures with horizontal post insulators designed to carry 161 kV conductors throughout the approved route.

Specialty transmission line structures including, but not limited to steel or laminated wood post structures on concrete foundations are authorized for long spans, road or waterway crossings, and when circumstances require.

III. DESIGNATED ROUTE

The route designated by the Commission in this permit comprises the segments as described in detail below, as analyzed in the EA, and shown on the Official Route Map attached to this permit. In an effort to maximize RPU's ability to accommodate individual landowner and planned road reconstruction needs, a route width of 125 feet on either side of the stated route centerline (centerline of adjacent roads) is approved (250 foot total width). The approved right-of-way (ROW) width is up to 50-feet where the route is adjacent to existing road ROW or clear zones.

Description of Route (See attached map)

Phase 1 of the Proposed Project would install the proposed 161 kV transmission line on a route that connects to the existing 161kV line at the Valleyhigh Road/C.R. 4 intersection with 50th Avenue NW, running due south along 50th Avenue NW to 19th Street NW on existing transmission line poles. The route would then west along 19th Street NW on new transmission line poles to the proposed Westside substation at the intersection of 19th Street NW and C.R 60th Avenue.

Phase 2 of the Proposed Project would include installation of new 161 kV transmission poles and line from the Westside substation north approximately 3.4 miles, sharing the 60th Avenue NW/C.R. 104 ROW, to just south of 65th Street NW where the Douglas Trail intersects with 60th Avenue. The 161 kV line would then be installed on approximately 1.3 miles of existing power poles located on a 25-foot easement just south of the Douglas Trail corridor to complete a loop connection to the Northern Hills substation.

The Westside substation shall be located and constructed as proposed at the intersection of Olmsted County Road 104 and 19th Street Northwest in TOWNSHIP SECTION RANGE.

The proposed transmission lines and substation will be designed to meet or surpass all relevant local and state codes, and North American Electric Reliability Council (NERC) and RPU standards. Appropriate standards will be met for construction and installation, and all applicable safety procedures will be followed during and after installation.

IV. PERMIT CONDITIONS

The Permittee shall comply with the following conditions during construction of the transmission line and associated facilities and the life of this permit.

A. Plan and Profile. At least 14 calendar days before right-of-way preparation for construction begins, the Permittee shall provide the Commission with a plan and profile of the right-of-way and the specifications and drawings for right-of-way preparation, construction, cleanup, and restoration for the transmission line. The Permittee may not commence construction until the 14 days has expired or until the Commission has advised the Permittee in writing that it has completed its review of the documents and determined that the planned construction is consistent with this permit. If the Permittee intend to make any significant changes in its plan and profile or the specifications and drawings after submission to the Commission, the Permittee shall notify the Commission at least five days before implementing the changes. No changes shall be made that would be in violation of any of the terms of this permit.

B. Construction Practices.

1. Application. The Permittee shall follow those specific construction practices and material specifications described in the RPU Application to the Commission for a route permit, dated December 14, 2007, and as described in the EA unless this permit establishes a different requirement, in which case this permit shall prevail.

2. Field Representative. At least 10 days prior to commencing construction, the Permittee shall advise the Commission in writing of the person or persons designated to be the field representative for the Permittee with the responsibility

to oversee compliance with the conditions of this Permit during construction. The field representative's address, phone number, and emergency phone number shall be provided to the Commission and shall be made available to affected landowners, residents, public officials and other interested persons. The Permittee may change its field representative at any time upon written notice to the Commission.

3. Cleanup. All waste and scrap that is the product of construction shall be removed from the area and properly disposed of upon completion of each task. Personal litter, including bottles, cans, and paper from construction activities shall be removed on a daily basis.

4. Vegetation Removal. The Permittee shall minimize the number of trees to be removed in selecting the right-of-way (ROW). As part of construction, low growing brush or tree species are allowable at the outer limits of the easement area. To the extent practical, low growing vegetation that will not pose a threat to the transmission facility or impede construction should remain in the easement area.

5. Erosion Control. The Permittee shall implement reasonable measures to minimize runoff during construction and shall plant or seed non-agricultural areas that were disturbed where structures are installed.

6. Temporary Work Space. The Permittee shall limit temporary easements to special construction access needs and additional staging or lay-down areas required outside of the authorized ROW.

7. Restoration. The Permittee shall restore the ROW, temporary work spaces, access roads, abandoned ROW, and other private lands affected by construction of the transmission line. Restoration within the ROW must be compatible with the safe operation, maintenance, and inspection of the transmission line.

RPU shall work with landowners, the DNR, and local wildlife management programs to restore and maintain the right-of-way to provide useful and functional habitat for plants, nesting birds, small animals and migrating animals and to minimize habitat fragmentation in a manner consistent with inspection and safe maintenance of the right-of-way.

Within 60 days after completion of all restoration activities, the Permittee shall advise the Commission in writing of the completion of such activities.

8. Notice of Permit. The Permittee shall inform all employees, contractors, and other persons involved in the construction of the transmission line of the terms and conditions of this permit.

C. Periodic Status Reports. Upon request, the Permittee shall report to the Commission on progress regarding finalization of the route, design of structures, and construction of the transmission line. The Permittee need not report more frequently than quarterly.

D. Complaint Procedure. Prior to the start of construction, the Permittee shall submit to the Commission the company's procedures to be used to receive and respond to complaints. The procedures shall be in accordance with the requirements set forth in the complaint procedures attached to this permit.

E. Notification to Landowners. The Permittee shall provide all affected landowners with a copy of this permit at the time of the first contact with the landowners after issuance of this permit. RPU shall contact landowners prior to entering the property or conducting maintenance along the route and avoid maintenance practices, particularly the use of fertilizer or pesticides, inconsistent with the landowner's or tenant's use of the land.

RPU shall work with landowners to locate the HVTL to minimize the loss of agricultural land, forest, and wetlands, and to avoid homes and farmsteads.

F. Completion of Construction.

- 1. Notification to Commission.** At least three days before the line is to be placed into service, the Permittee shall notify the Commission of the date on which the line will be placed into service and the date on which construction was complete.
- 2. As-Built.** Upon request of the Commission, the Permittee shall submit copies of all the final as-built plans and specifications developed during the project.
- 3. GPS Data.** Within 60 days after completion of construction, the Permittee shall submit to the Commission, in the format requested by the Commission, geo-spatial information (GIS compatible maps, GPS coordinates, etc.) for all above ground structures associated with the transmission lines, each switch, and each substation connected.

G. Electrical Performance Standards.

- 1. Grounding.** The Permittee shall design, construct, and operate the transmission line in such a manner that the maximum induced steady-state short-circuit current shall be limited to five milliamperes rms alternating current between the ground and any non-stationary object within the ROW, including but not limited to large motor vehicles and agricultural equipment. All fixed metallic objects on or off the ROW, except electric fences that parallel or cross the right-

of-way, shall be grounded to the extent necessary to limit the induced short circuit current between ground and the object so as not to exceed one milliamperere rms under steady state conditions of the transmission line and to comply with the ground fault conditions specified in the National Electric Safety Code (NESC).

2. Electric Field. The transmission line shall be designed, constructed, and operated in such a manner that the electric field measured one meter above ground level immediately below the transmission line shall not exceed 8.0 kV/m rms.

3. Interference with Communication Devices. If interference with radio or television, satellite or other communication devices is caused by the presence or operation of the transmission line, the Permittee shall take whatever action is prudently feasible to restore or provide reception equivalent to reception levels in the immediate area just prior to the construction of the line.

H. Special Conditions

1. Archaeological and Historic Resources. RPU shall make every effort to avoid impacts to identified archaeological and historic resources when installing the HVTL on the approved route. In the event that an impact would occur, the Applicants shall consult with State Historic Preservation Office (SHPO) and invited consulting parties. Where feasible, avoidance of the resource is required. Where not feasible, mitigation for project-related impacts on National Register of Historic Properties (NRHP)-eligible archaeological and historic resources must include an effort to minimize project impacts on the resource.

2. Wetlands/Water Resources. Wetland impact avoidance measures that shall be implemented during design and construction of the transmission line will include spacing and placing the power poles at variable distances to span and avoid wetlands. Unavoidable wetland impacts as a result of the placement of poles shall be limited to the immediate area around the poles. To minimize impacts, construction in wetland areas shall occur in the winter. If necessary, wooden or composite mats will be used to protect wetland vegetation. All requirements of the U.S. Army Corps of Engineers (wetlands under federal jurisdiction), MDNR (Public Waters/Wetlands), and County (wetlands under the jurisdiction of the Minnesota Wetland Conservation Act) shall be met.

Impacts to floodplains, in particular the placement of power pole structures, shall be avoided to the maximum extent possible by placing these structures above the floodplain contours outside of the designated floodplain, and by spanning the floodplain with the transmission line.

If construction activities at the substation and switching station will result in the disturbance of one acre or more of soils, a National Pollutant Discharge

Elimination System (NPDES) stormwater permit will be required. Erosion control measures and Best Management Practices (BMPs) shall be followed during these activities.

3. Accommodation of Existing and Planned Infrastructure. RPU is required to work with the townships, municipalities and counties along the route to accommodate their concerns regarding drain tiles, pole depth and placement in relationship to existing roads and road expansion plans.

I. Other Requirements.

1. Applicable Codes. The Permittee shall comply with applicable North American Electric Reliability Council (NERC) construction standards and requirements of the National Electric Safety Code (NESC) including clearances to ground, clearance to crossing utilities, clearance to buildings, ROW widths, erecting power poles, and stringing of transmission line conductors.

2. Other Permits. The Permittee shall comply with all applicable state rules and statutes. The Permittee shall obtain all required local, state and federal permits for the project and comply with the conditions of these permits. A list of the required permits is included in the permit application and the environmental assessment. The Permittee shall submit a copy of such permits to the Commission upon request.

3. Pre-emption. Pursuant to Minnesota Statutes 216E.10, subdivisions 1 and 2, this route permit shall be the sole route approval required to be obtained by the Permittee and this permit shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

J. Delay in Construction. If the Permittee have not commenced construction or improvement of the route within four years after the date of issuance of this permit, the Commission shall consider suspension of the permit in accordance with Minnesota Rule 7849.5970.

V. PERMIT AMENDMENT

The permit conditions in Section IV. may be amended at any time by the Commission. Any person may request an amendment of the conditions of this permit by submitting a request to the Commission in writing describing the amendment sought and the reasons for the amendment. The Commission will mail notice of receipt of the request to the Permittee. The Commission may amend the conditions after affording the Permittee and interested persons such process as is required.

VI. TRANSFER OF PERMIT

The Permittee may request at any time that the Commission transfer this permit to another person or entity. The Permittee shall provide the name and description of the person or entity to whom the permit is requested to be transferred, the reasons for the transfer, a description of the facilities affected, and the proposed effective date of the transfer. The person to whom the permit is to be transferred shall provide the Commission with such information as the Commission shall require to determine whether the new Permittee can comply with the conditions of the permit. The Commission may authorize transfer of the permit after affording the Permittee, the new permittee, and interested persons such process as is required.

VII. REVOCATION OR SUSPENSION OF THE PERMIT

The Commission may initiate action to revoke or suspend this permit at any time. The Commission shall act in accordance with the requirements of Minnesota Rules part 7849.6010 to revoke or suspend the permit.

**PUBLIC UTILITIES COMMISSION
COMPLAINT REPORT PROCEDURES FOR
HIGH VOLTAGE TRANSMISSION LINES**

1. Purpose

To establish a uniform and timely method of reporting complaints received by the Permittee concerning the Permit conditions for site preparation, construction, cleanup and restoration, and resolution of such complaints.

2. Scope

This reporting plan encompasses complaint report procedures and frequency.

3. Applicability

The procedures shall be used for all complaints received by the Permittee.

4. Definitions

Complaint: - A statement presented by a person expressing dissatisfaction, resentment, or discontent as a direct result of the HVTL and associated facilities. Complaints do not include requests, inquiries, questions or general comments.

Telephone Complaint: - A person presenting a Complaint by telephone shall indicate whether the Complaint relates to (1) a substantive Routing Permit matter, (2) a HVTL location matter, or (3) a compensation matter. All callers must provide the following information when presenting a Complaint by telephone: (1) name; (2) date and time of call; (3) phone number; (4) email address (if available); (5) home address; (6) parcel number.

Substantial Complaint: – Written complaints alleging a violation of a specific Route Permit condition that, if substantiated, could result in Permit modification or suspension pursuant to the applicable regulations.

Person: - An individual, partnership, joint venture, private or public corporation, association, firm, public service company, cooperative, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

5. Responsibilities

Everyone involved with any phase of the HVTL is responsible to ensure expeditious and equitable resolution of all complaints. It is therefore necessary to

establish a uniform method for documenting and handling complaints related to this HVTL project. The following procedures will satisfy this requirement:

- A. The Permittee shall document all complaints by maintaining a record of all applicable information concerning the complaint, including the following:
 1. Name of the Permittee and project.
 2. Name of complainant, address and phone number.
 3. Precise property description or tract numbers (where applicable).
 4. Nature of complaint.
 5. Response given.
 6. Name of person receiving complaint and date of receipt.
 7. Name of person reporting complaint to the PUC and phone number.
 8. Final disposition and date.
- B. The Permittee shall assign an individual to summarize complaints for transmittal to the PUC.

6. Requirements

The Permittee shall report all complaints to the PUC according to the following schedule:

Immediate Reports: - All substantial complaints shall be reported to the PUC by phone or by e-mail the same day received or on the following working day for complaints received after working hours. Such reports are to be directed to HVTL Permit Compliance at the following:
DOC.energypermitcompliance@state.mn.us or 1-800-657-3794. Voice messages are acceptable.

Monthly Reports: - By the 15th of each month, a summary of all complaints, including substantial complaints received or resolved during the proceeding month. Such summaries shall be sent to Dr. Burl W. Haar, Executive Secretary, Minnesota Public Utilities Commission, Metro Square Building, 121 7th Place East, Suite 350, St. Paul, MN 55101-2147. A copy of each complaint shall be sent to Permit Compliance, Minnesota Department of Commerce, 85 7th Place East, Suite 500, St. Paul, MN 55101-2198.

Unresolved Complaints: - The permittee shall submit all unresolved complaints to the PUC for resolution by the PUC, where appropriate, no later than 45 days after the date of the submission.

7. Complaints Received by the PUC

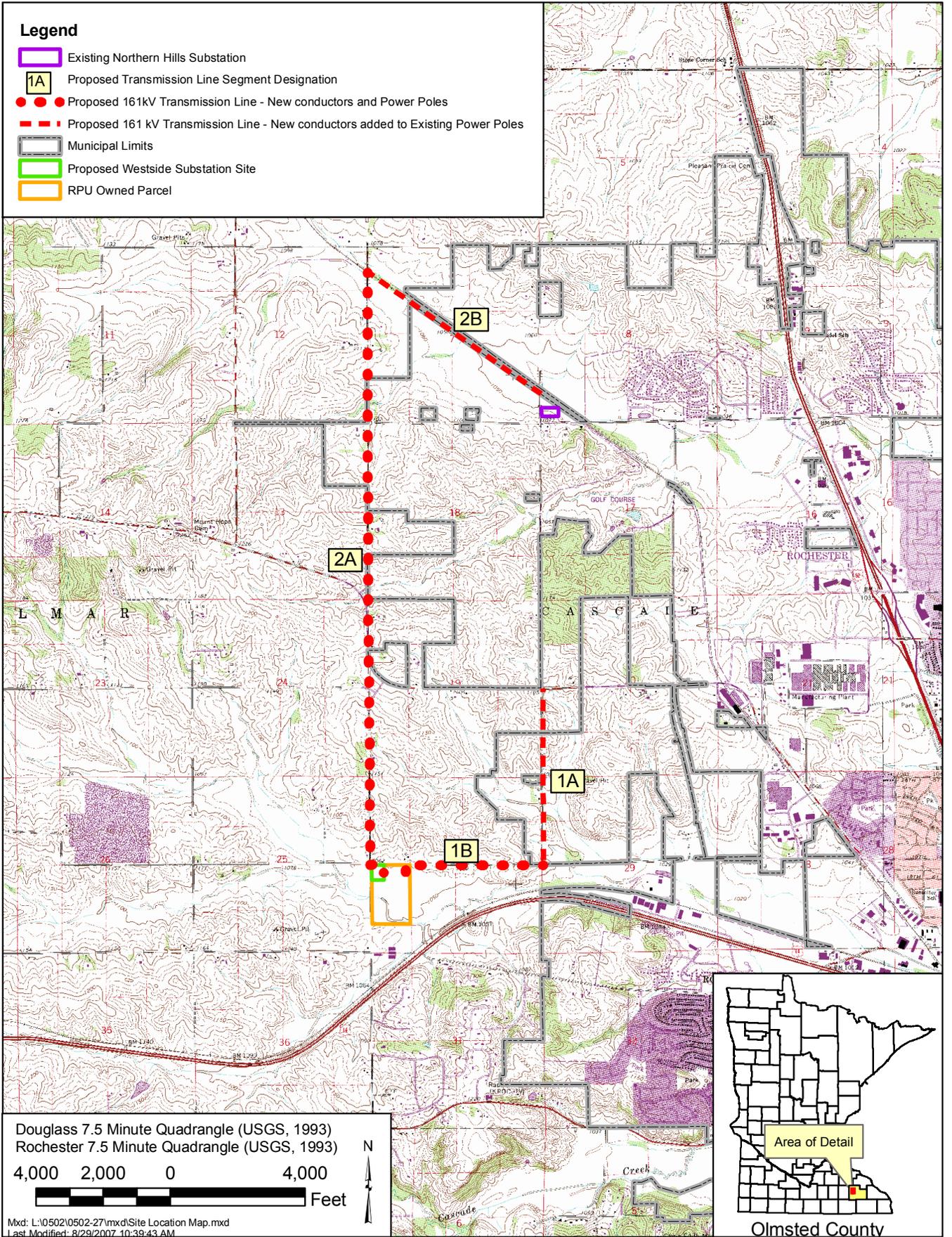
Copies of complaints received directly by the PUC from aggrieved persons regarding site preparation, construction, cleanup, restoration, operation and maintenance shall be promptly sent to the Permittee.

Initial Screening: - Commission Staff shall perform an initial evaluation of unresolved Complaints submitted to the Commission. Complaints raising substantive Routing Permit issues shall be processed and resolved by the Commission. Staff shall notify RPU and the Complaining person if it determines that the Complaint is a Substantial Complaint. With respect to such Complaints, each party shall submit a written summary of its position to the Commission no later than ten days after receipt of the Staff notification. Staff shall present Briefing Papers to the Commission, which shall resolve the Complaint within twenty days of submission of the Briefing Papers.

Condemnation/Compensation Issues: - If the Commission's Staff initial screening determines that a Complaint raises issues concerning the just compensation to be paid to landowners on account of RPU acquisition of HVTL easements, Staff shall recommend to the Executive Secretary that the matter be resolved under the provisions of Minnesota Statutes, Chapter 117. If the Executive Secretary concurs, he shall so report to the Commission and the matter shall be dealt with in the HVTL condemnation proceedings as an issue of just compensation.

Legend

-  Existing Northern Hills Substation
-  Proposed Transmission Line Segment Designation
-  Proposed 161kV Transmission Line - New conductors and Power Poles
-  Proposed 161 kV Transmission Line - New conductors added to Existing Power Poles
-  Municipal Limits
-  Proposed Westside Substation Site
-  RPU Owned Parcel



**ROCHESTER PUBLIC UTILITIES - NORTHWEST
TRANSMISSION LINE ROUTE PERMIT APPLICATION**

Project Location

Wenck
Wenck Associates, Inc. 1800 Pioneer Creek Center
Environmental Engineers Maple Plain, MN 55359-0429

SEP 2007

Figure 1



**ROCHESTER PUBLIC UTILITIES
ROCHESTER NORTHWEST 161 kV TRANSMISSION LINE AND
WESTSIDE SUBSTATION PROJECT**

PUBLIC HEARING EXHIBIT LIST

**In the Matter of the Application for a Route Permit for the Fenton – Nobles #2
115kV High Voltage Transmission Line**

PUC Docket No. E299/TL-07-1366

DOC Exhibit No.	Exhibit	Date	eDockets Document Number
1	Notice of Intent to File Application Under the Alternative Permitting Process	October 18, 2007	4818681
2	Route Permit Application	December 17, 2007	4871915
3	RPU Compliance Filing – Affidavit of Service and Publication	January 15, 2008	4897846
4	Department of Commerce Energy Facilities Permitting Staff Comments and Recommendations to the Commission on Completeness of the Application	January 17, 2008	4899533
5	Order Accepting Application	January 29, 2008	4910407
6	Notice of Application Acceptance, Public Information and Scoping Meeting	February 8, 2008	4933705
7	Compliance Filing – Affidavit of Publication	February 26, 2008	4973012
8	Public Comments	February 29, 2008	5262784

DOC Exhibit No.	Exhibit	Date	eDockets Document Number
9	Environmental Assessment Scoping Decision	March 31, 2008	5044933
10	Notice of Public Hearing and Availability of Environmental Assessment and Affidavit of Service	May 22, 2008	5228107
11	Environmental Assessment	May 22, 2008	5228105
12	Affidavit/Tear Sheet - Publication of Notice of Public Hearing	May 30, 2008	To Be Filed
13	Public Comments	Various	To Be Filed
14	ALJ's Public Hearing Summary Report	July 1, 2008	5326435
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