

## 1.0 INTRODUCTION

Great River Energy is a not-for-profit electric cooperative providing electrical energy and related services to 28 distribution cooperatives serving nearly 1.5 million customers in Minnesota and Wisconsin. Headquartered in Maple Grove, Minnesota, Great River Energy is the second largest utility in Minnesota and the fifth largest utility of its type in the country.

Xcel Energy is a Minnesota corporation headquartered in Minneapolis, Minnesota. Xcel Energy is a wholly-owned subsidiary of Xcel Energy Inc., a utility holding company with its headquarters in Minneapolis. Xcel Energy provides electricity services to approximately 1.2 million customers and natural gas services to 425,000 residential, commercial and industrial customers in the State.

Great River Energy and Xcel Energy seek a Route Permit to construct the Brookings County – Hampton 345 kilovolt (“kV”) transmission line project consisting of a series of 345 kV transmission line connections between Brookings County, South Dakota, and the southeast Twin Cities, Minnesota. The Project is designed to increase generation outlet capability in southwestern Minnesota, improve regional reliability and enhance local community reliability. The Project includes new 345 kV transmission facilities, between 237 and 262 miles in length, depending on the route selected, expansions at four existing substations, construction of four new substations in Minnesota, and construction of electric system interconnections to tie existing high voltage transmission lines (“HVTLs”) to the Project. Construction on the Project is scheduled to begin in fall 2011 and the Project is expected to be in service by spring 2013.

The Project is one of four transmission projects proposed as part of the CapX2020 Transmission Initiative (“CapX2020”). CapX2020 is a joint initiative of 11 transmission-owning utilities in Minnesota, Wisconsin, and the surrounding region whose goal is to study, develop, permit, and construct transmission infrastructure needed to implement long-term and cost-effective solutions for customers to meet the growth in energy demand expected between 2009 and 2020. The 11 utilities currently participating in the CapX2020 initiative include Great River Energy, Xcel Energy, Central Minnesota Municipal Power Agency (“CMMPA”), Dairyland Power Cooperative, Minnesota Power, Minnkota Power Cooperative, Missouri River Energy Services (“MRES”), Otter Tail Power Company (“OTP”), Rochester Public Utilities, Southern Minnesota Municipal Power Agency, and Wisconsin Public Power, Inc. The three other CapX2020 projects are 1) a 345 kV transmission line from Fargo, North Dakota, to Monticello, Minnesota (“Fargo-Twin Cities”); 2) a 345 kV transmission line between the southeast Twin Cities, Rochester, and La Crosse, Wisconsin (“Twin Cities – La Crosse”), and 3) a 230 kV transmission line from Bemidji, Minnesota to Grand Rapids, Minnesota (“Bemidji-Grand Rapids”). These four projects are collectively referred to as the Group 1 projects.

A Project Development Agreement (“PDA”) was executed in February 2007 for each of the Group 1 projects (See Appendix M). Each PDA identifies a “lead” utility or a “development manager” that is responsible for obtaining major permits and developing and implementing the Project if construction is authorized. Great River Energy is identified as development manager for the Brookings County – Hampton 345 kV Project and will construct all of the Project facilities except the Hampton Substation in accordance with the PDA executed by the Applicants, CMMPA, MRES and OTP. CMMPA is a joint action agency of 12 members located in south central Minnesota. MRES is a not-for-profit joint-action agency headquartered in Sioux Falls, South Dakota, with 60 member communities in Iowa, Minnesota, North Dakota, and South Dakota. OTP is an investor-owned electric utility headquartered in Fergus Falls, Minnesota that provides electric

service to approximately 128,000 customers in North Dakota, South Dakota, and Minnesota, of which about 58,000 reside in Minnesota.

Great River Energy will coordinate and manage the permitting process, engineering, procurement and future construction of the proposed transmission lines. As the Project proceeds, Great River Energy will determine the conceptual design, determine the recommended interconnection/termination points, determine the scope and estimate Project cost and schedule, obtain permits, and make or undertake necessary related studies and analyses. Other utilities may assist Great River Energy in some of the duties outlined above. Great River Energy will report progress to each project's Management Committee, which consists of one representative from each project's participating utilities.

Xcel Energy will construct the Hampton Substation.

## 1.1 PROJECT OWNERSHIP

With the exception of the Hampton Substation and the Hazel Creek Substation, the ownership of the proposed facilities will be determined pursuant to the PDA. Once all critical permits (including a Certificate of Need and Route Permit) have been obtained, the CapX2020 participants have the opportunity to decide whether to take an ownership stake in the transmission line. At that time, each CapX2020 participant has the option to (i) take ownership up to a designated level, (ii) take some lesser percentage to minimize capital expenditures or (iii) "opt out" of ownership entirely. The Project development percentages (and potential/non-binding ownership percentages) are identified in Table 1-1.

**Table 1-1. Current Project Development Agreement Percentages**

Utility	Applicable Project Development Percentage
CMPA	2.2
Great River Energy	16.5
MRES	5.1
OTP	4.1
Xcel Energy	72.1
<b>Total</b>	<b>100</b>

If a participant does not elect to invest in the Project, the PDA has established procedures by which other participants, including third parties, may take on that investment percentage share.

The Hazel Creek Substation was initially planned to be constructed as part of the Buffalo Ridge Incremental Generation Outlet Project. *See In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Certificates of Need for Four Large High Voltage Transmission Projects in Southwestern Minnesota*, Docket No. E-002/CN-01-1958. It is now included in the Brookings County - Hampton 345 kV Project and will be jointly owned by CapX2020 utilities. Although a final agreement has not been reached, it is anticipated that the ownership structure will parallel the ownership structure set forth in the PDA.

Agreements pertaining to the construction, operation, ownership and maintenance of each transmission line are being negotiated and participants will continue to refine the commercial arrangements as the regulatory process proceeds.

Xcel Energy will solely own and operate the Hampton Substation.

## 1.2 PERMITTEES

The requested permittees are Great River Energy and Xcel Energy, on behalf of themselves and the other potential CapX2020 project owners. Contact information for Great River Energy and Xcel Energy is shown below:

Permittees:	Great River Energy	Xcel Energy
Contacts:	Craig Poorker or Carole Schmidt	Tom Hillstrom
Addresses:	CapX2020 12300 Elm Creek Boulevard Maple Grove, MN 55369-4718	CapX2020 P.O. Box 9437 Minneapolis, MN 55440-9437
Phone:	1-888-473-2279	1-800-238-7968
Email:	brookingsinfo@CapX2020.com	lacrosseinfo@CapX2020.com

## 1.3 CERTIFICATE OF NEED PROCESS SUMMARY

Minnesota Statutes Section 216B.243 dictates that a Certificate of Need is required for a “large energy facility” as that term is defined in Minnesota Statutes Section 216B.2421. A large energy facility includes “any high-voltage transmission line with a capacity of 200 kilovolts or more and greater than 1,500 feet in length.” Minn. Stat. § 216B.2421, subd. 2(2). The Applicants filed an application with the Commission on August 16, 2007, for a Certificate of Need to construct three 345 kV transmission line projects in Minnesota. The Applicants proposed to construct the Twin Cities-La Crosse, Fargo-Twin Cities, and Brookings County - Hampton 345 kV projects in the following Certificate of Need application: In the Matter of the Application of Great River Energy, Northern States Power Company (d/b/a Xcel Energy) and others for Certificates of Need for the Cap X 345-kV Transmission Projects, Docket No. ET-2, E-002, et al./CN-06-1115 (“Certificate of Need Application”).

The Commission referred the matter to the Office of Administrative Hearings for hearing before Administrative Law Judge Beverly Heydinger. Prior to the evidentiary hearing, 19 public hearings were held in the areas where the three 345 kV projects are proposed, commencing on June 17, 2008, in Moorhead, Minnesota and ending July 2, 2008, in Rochester, Minnesota. An evidentiary hearing was held from July 14, 2008, to August 1, 2008; from August 11, 2008, to August 14, 2008; and from September 11, 2008, to September 18, 2008, in St. Paul, Minnesota.

The Applicants anticipate that the Administrative Law Judge will submit a report to the Commission in early 2009 and that the Commission will decide on the Certificate of Need Application in the spring of 2009, prior to the issuance of any Route Permit.

## 1.4 ROUTE PERMIT, PERMITTING PROCESS

The Power Plant Siting Act (“PPSA”) provides that no person may construct an HVTL without a route permit from the Commission (Minn. Stat. § 216E.03, subd. 2). The definition of an HVTL under the PPSA is broader than the definition of an HVTL under the Certificate of Need statutes. Under the PPSA, an HVTL includes a transmission line of 100 kV or more and greater than 1,500 feet in length and associated facilities (Minn. Stat. § 216E.01; subd. 4). The 345 kV transmission line project proposed here is an HVTL and therefore a route permit is required prior to construction.

This page left intentionally blank.