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May 13, 2009

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
127 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Comments and Recommendations of the Minnesota Department of Commerce
Xcel Energy's Hiawatha 115 kV HVTL Project
Docket No. E002/TL-09-38

Dear Dr. Haar:

Attached are the comments and recommendations of the Minnesota Department of Commerce (DOC) Office of Energy Security (OES) Energy Facility Permitting (EFP) staff in the above stated matter.

Xcel Energy proposes to construct two new distribution substations and two 115 kilovolt ("kV") transmission lines in south Minneapolis, in an area known as the Midtown District. Xcel Energy has included four separate alternative routes and five design options for consideration in this proceeding.

The Department is providing you with:

- A. Comments and Recommendations;
- B. General route location map.

The Department EFP staff recommends acceptance of the high voltage transmission line (HVTL) Route permit application with the understanding that any additional information necessary for processing the application will be provided promptly. Staff is available to answer any questions the Commission may have.

Sincerely,

William Cole Storm, DOC EFP Staff

Enclosures

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. E002/TL-09-38

Meeting Date: May 21, 2009.....Agenda Item #

Company: Xcel Energy

Docket No. PUC Docket Number: E002/TL-09-38
In the Matter of the Application for a HVTL Route Permit for the Hiawatha Transmission Project.

Issue(s): Should the Commission accept or reject the application as substantially complete? If accepted, should the Commission authorize the Department to appoint a public advisor and an advisory task force?

DOC Staff: William Cole Storm.....651-296-9535

Relevant Documents (in Commission Packet).

- Xcel Energy’s HVTL Route Permit Application.....April 24, 2009.

The enclosed materials are work papers of the Department of Commerce (Department) Office of Energy Security (OES) Energy Facility Permitting (EFP) staff. They are intended for use by the Public Utilities Commission (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. Site map illustrating applicant's preferred and alternative routes.
2. OES proposed charge and structure for an advisory task force.

(Note: Relevant documents and additional information can be found on eDockets (ET2/GS-07-715) or the PUC Energy Facilities Permitting website

<http://energyfacilities.puc.state.mn.us/Docket.html?Id=19981>)

Statement of the Issue

Should the Commission accept or reject the application as substantially complete under the Review Process of the Power Plant Siting Act (Minnesota Statutes 216E.001 to 216E.18)? If accepted, should the Commission authorize the OES to appoint a public advisor and an advisory task force?

If the application is rejected, the Commission must advise the applicant of the deficiencies in the application.

Introduction and Background

On April 24, 2009, Xcel Energy submitted a high voltage transmission line (HVTL) Route Permit application to the Commission for the proposed Hiawatha Transmission (Hiawatha) Project.

Minnesota Statutes Section 216E.03, subd. 2, provides that no person may construct a high voltage transmission line without a route permit from the Commission. An HVTL is defined as a transmission line of 100 kV or more and greater than 1,500 feet in length in Minnesota Statutes Section 216E.01, subd. 4. The two 115 kV transmission lines proposed here are HVTLs and therefore a route permit is required prior to construction. The application was submitted pursuant to the provisions of the Full Permitting Process outlined in Minnesota Rules 7849.5200 to 7849.5340.

Minnesota Statute Section 216B.243, subd. 2 states that no large energy facility shall be sited or constructed in Minnesota without the issuance of a Certificate of Need (CON) by the Commission. A large energy facility is defined to include transmission lines between 100 kV and 200 kV if they are more than 10 miles long (Minnesota Statutes Section 216B.2421, subd. 2(2) and (3)). The 115 kV transmission lines proposed for the Hiawatha project are less than 10 miles in length. Therefore, a Certificate of Need is not required for the proposed project.

Project Description

Xcel Energy proposes to construct two new distribution substations and two 115 kilovolt (kV) transmission lines in south Minneapolis, in an area known as the Midtown District. Xcel Energy

has included four separate alternative routes and five design options for consideration in its application. Xcel Energy also identifies two locations for the Hiawatha Substation and two locations for the Midtown Substation. The proposed routes and substations are illustrated on the attached figure and are described below:

- **Hiawatha Substation:** The Hiawatha Substation will be approximately 2.25 acres in size. The preferred site for the substation (HiawathaWest) is located on the east side of Hiawatha Avenue (Minnesota State Highway 55) slightly south of the intersection of Hiawatha Avenue and East 28th Street. Currently this site is an open area owned by the Minnesota Department of Transportation, no business relocation would be needed. The estimated cost for construction on the preferred Hiawatha West substation site is \$14.3 million. The alternative location (Hiawatha East) is located on adjacent land to the northeast, currently the site is a warehouse occupied by a warehouse that would need to be relocated.
- **Midtown Substation:** The Midtown Substation will be approximately 1 acre in size. The preferred site for the substation (Midtown North) is located on the northwest corner of Oakland Avenue South and 29th Street. Construction costs for the substation at the preferred site are estimated to be \$11.1 million. At this time, the site is occupied by the old Xcel Energy Oakland Substation, a condemned triplex and an open lot. The alternative location (Midtown South) is located on the southwest corner of Oakland Avenue South and 29th Street and contains the Brown Campbell warehouses that would need to be relocated.
- **Route A:** Route A, the preferred route, is a 1.4-mile route that can be constructed overhead or underground. The transmission lines would connect at the Hiawatha West substation site and parallel the 29th Street/Hennepin County Regional Rail Authority (HCRRA) corridor for approximately 1.4 miles to the Midtown North substation site. If constructed overhead, it would be built with galvanized steel single pole, double circuit structures. The estimated transmission line cost for construction of the two transmission lines along this route using an overhead configuration is \$3.0 million. The estimated transmission line cost for constructing the transmission lines using underground construction along this route is \$15.6 million.
- **Route B:** Route B is proposed as an overhead street route that would require construction of two single circuit lines because there is insufficient clearance for double circuit structures. Galvanized steel single circuit single pole structures would be used. One of the transmission lines would follow 26th Street between the Hiawatha West and Midtown North substation sites. The second line would follow East 28th Street. On both streets, the arms of the poles would be cantilevered over the street. The estimated route lengths of the two lines are 1.8 and 1.4 miles. The cost for construction of the transmission facilities along this route is estimated to be \$5.0 million.
- **Route C:** Route C is also proposed as an overhead street route that would require construction of two single circuit lines because there is insufficient clearance for double circuit structures. Galvanized steel single circuit single pole structures would be used.

One of the transmission lines would follow East 28th Street between the Hiawatha West and Midtown North substation sites. The second line would parallel 31st Street. Both would use a cantilever pole configuration. The estimated route lengths of the two lines are 1.5 and 2.3 miles. The estimated cost for construction of the transmission facilities along this route is \$5.8 million.

- Route D: Route D is proposed as a 1.5-mile underground route along East 28th Street. This route is designed for a double circuit 115 kV transmission line between the Hiawatha West and Midtown North substation sites. The estimated transmission line costs for construction of the underground transmission facilities along this route is \$16.4 million.

State Regulatory Process and Procedures

Route permit applications must provide specific information about the proposed project including, but not limited to, applicant information, route description, environmental impacts, alternatives, and mitigation measures (Minn. R. 7849.5220). The Commission may accept an application as complete, reject an application and require additional information to be submitted, or accept an application as complete upon filing of supplemental information (Minn. R. 7849.5230).

The review process begins with the determination by the Commission that the application is complete. The Commission has one year to reach a final decision on the route permit application from the date the application is determined to be complete. The Commission may extend this limit for up to three months for just cause or upon agreement of the applicant (Minn. R. 7849.5340).

Environmental Review

Applications for high voltage transmission line route permits are subject to environmental review, which is conducted by EFP staff under Minn. R. 7849.5200. The staff will provide notice and conduct public information and scoping meetings to solicit public comments on the scope of the environmental impact statement (EIS). The Director of the Office of Energy Security (OES) will determine the scope of the EIS. An EIS is a written document that describes the human and environmental impacts of a proposed project (and selected alternative routes) and methods to mitigate such impacts. The public has the opportunity to comment on the scope of the EIS and the draft EIS through public comment periods and at OES sponsored information meetings.

The draft EIS will be completed and made available prior to the public hearing.

Hearing Process

Applications for high voltage transmission line route permits under the full permitting process require a public contested-case hearing upon completion of the draft EIS pursuant to Minn. R. 7849.5330. A portion of the hearing will be held in the counties where the proposed project would be located.

The docket (Docket E002/TL-09-38) must be referred to the OAH for conduct of the Minn. R. 1405, contested case hearings. However, since the hearings must follow release of the draft EIS, the date for hearings cannot be set until the OES completes the EIS scoping process and determines the schedule for completion of the EIS. The Commission can refer the docket to the Office of Administrative Hearings (OAH) for hearing at this time, with the understanding that the OES will work with the OAH to establish a schedule once the EIS scoping process is complete.

Public Advisor

Upon acceptance of an application for a site or route permit, the Commission must designate a staff person to act as the public advisor on the project (Minnesota Rule 7849.5250). The public advisor is someone who is available to answer questions from the public about the permitting process. In this role, the public advisor may not act as an advocate on behalf of any person.

The Commission can authorize the OES to name a staff member from the EFP staff as the public advisor or assign a Commission staff member.

Advisory Task Force

The Commission may appoint an advisory task force (Minnesota Statute 216E.08). An advisory task force must, at a minimum, include representatives of local governmental units in the affected area. A task force can be charged with identifying additional sites or specific impacts to be evaluated in the EIS and terminates when the OES Director issues an EIS scoping decision.

The Commission is not required to assign an advisory task force for every project. However, in the event that the Commission does not name a task force, the rules allow a citizen to request appointment of a task force (Minnesota Rule 7849.5580). The Commission would then need to determine at its next meeting if a task force should be appointed or not.

The decision whether to appoint an advisory task force does not need to be made at the time of accepting the application; however, it should be made as soon as practicable to ensure its charge can be completed prior to the EIS scoping decision by the OES Director.

OES EFP Staff Analysis and Comments

OES EFP staff conducted a completeness review of the Xcel Energy Hiawatha HVTL Route permit application and concludes that the Application meets the content requirements of Minnesota Rule 7849.5220 and is complete. Application acceptance allows staff to initiate and conduct the public participation and environmental review process.

Advisory Task Force

In analyzing the merits of establishing an Advisory Task Force for the project, EFP staff considered four project characteristics: size, complexity, known or anticipated controversy and sensitive resources.

Project Size. The Hiawatha project is a relatively short transmission line when compared to the majority of the HVTL applications that come before the Commission; depending on route selection, the route length would be from 1.4 miles to 3.8 miles.

Complexity. While the size of the project is relatively small, the setting for the project is a high density urban environment. The area surrounding the transmission line alternatives include multiple uses (i.e., residential to commercial, light and medium industrial, parks and major transportation corridors) and potentially impacts six neighborhoods (Central, Corcoran, Longfellow, Phillips, Powderhorn Park, and Seward).

Known/Anticipated Controversy. OES staff anticipates a high level of controversy with this project, based on a review of the comments received during Xcel Energy's numerous "open house" meetings and local media reporting.

OES staff recognizes that the Hiawatha project proposes routing transmission facilities through an urban area (south Minneapolis) and that this proposal raises important and challenging policy questions for the Commission and affected stakeholders.

Sensitive Resource. All routes would cross various differing land uses as identified by the City of Minneapolis Community Planning and Economic Development Department and potentially affect a number of neighborhoods.

Minneapolis Park and Recreation Board has 15 properties within 0.5 miles of the project area. Recreational opportunities within the Project Area include Stewart Park, 2529 13th Ave South Property, Cedar Avenue Field and Powderhorn Park (Minneapolis Park and Recreation Board, 2009).

The Midtown Greenway, located within HCRRA property, crosses through the project area. The Midtown Greenway is a 5.7-mile shared bicycle and pedestrian corridor that travels through the city of Minneapolis from the St. Louis Park city limits in the west to West River Parkway near the Mississippi River in the east. Average daily bicycle trips during 2007 and 2008 in the vicinity of the Project ranged from 143 to 3,129 (Midtown Greenway Count Report, July 2008).

Route A is not located within 200 feet of any places of worship or schools. Route B is located within 200 feet of two places of worship and one school; Route C would be located within 200 feet of eight places of worship and one school; and Route D is located within 200 feet of one place of worship.

There are several community gardens within the project area. These community gardens include Prairie Oaks Community Garden at 2600 Oakland Avenue South, 12th and 13th Avenue Block Club Garden, Shalom Garden and Walker Church Community Garden 3104 16th Avenue South.

Based on the analysis above, OES staff concludes that an advisory task force is warranted in this case. OES staff has attached a proposed charge and structure for the advisory task force.

Commission Decision Options

A. Application Acceptance

1. Accept the HVTL Route permit application submitted by Xcel Energy for the Hiawatha Transmission project as complete and authorize OES EFP staff to initiate the full review process under Minnesota Rules Chapter 7849.
2. Reject the HVTL Route permit application as incomplete and issue an order indicating the specific deficiencies to be remedied before the Application can be accepted.
3. Find the Application complete upon the submission of supplementary information.
4. Make another decision deemed more appropriate.

B. Public Advisor

1. Authorize the OES EFP staff to name a public advisor in this case.
2. Appoint a Commission staff person as public advisor.
3. Make another decision deemed more appropriate.

C. Advisory Task Force

1. Authorize OES EFP staff to establish an advisory task force with the proposed structure and charge for the task force.
2. Take no action on an advisory task force at this time.
3. Determine that an advisory task force is not necessary.
4. Make another decision deemed more appropriate.

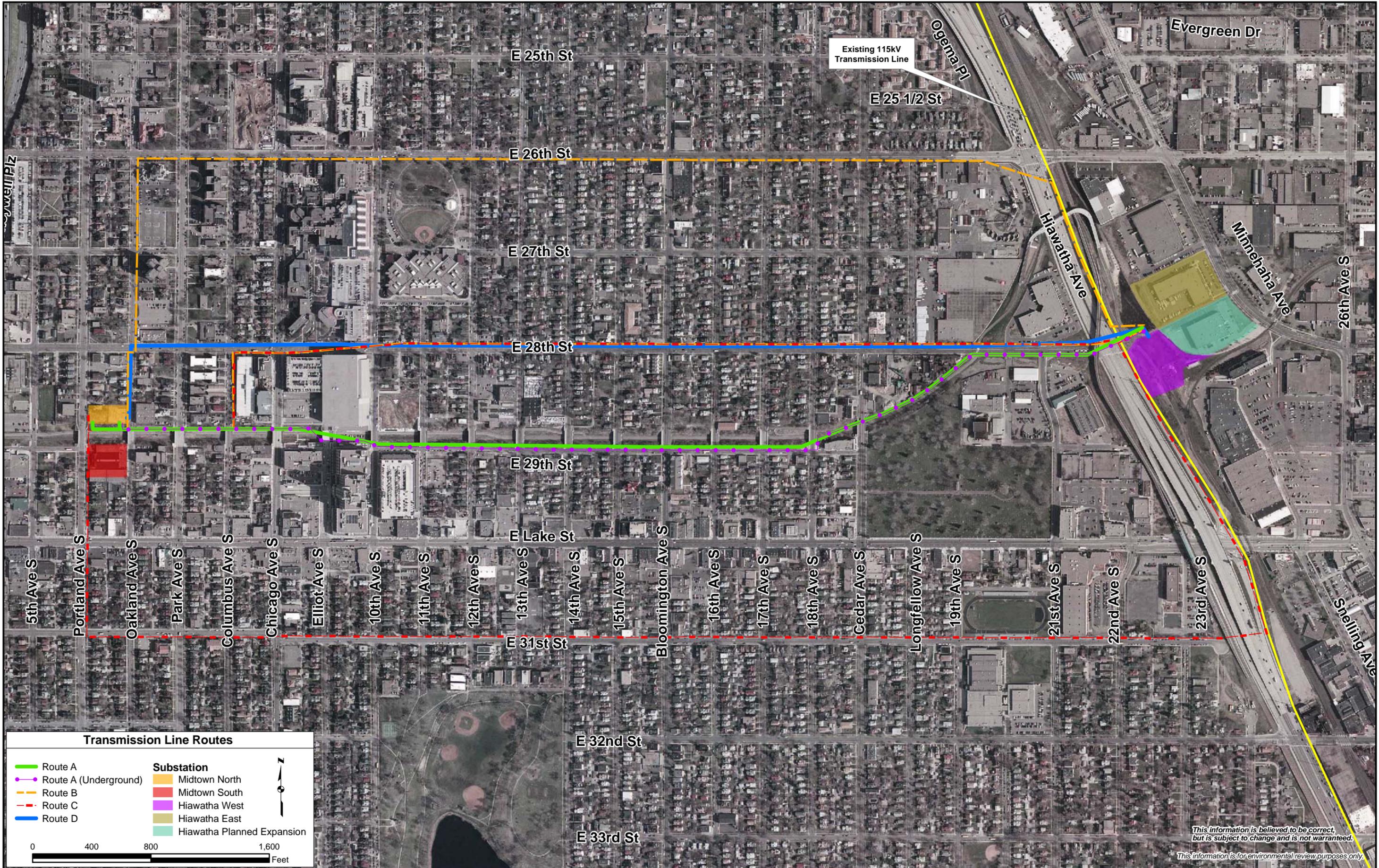
D. Public Hearing

1. Refer the Xcel Energy 115 kV Hiawatha Transmission Line Route Permit Docket E002/TL-09-38 to the Office of Administrative Hearings for conduct of the Minn. R. 1405 contested case hearing.
2. Make another decision deemed more appropriate.

EFP Staff Recommendation

Staff recommends Options A-1, B-1, C-1 and D-1.

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Transmission Line Routes

- | | |
|---|--|
|  Route A |  Substation |
|  Route A (Underground) |  Midtown North |
|  Route B |  Midtown South |
|  Route C |  Hiawatha West |
|  Route D |  Hiawatha East |
| |  Hiawatha Planned Expansion |



This information is believed to be correct, but is subject to change and is not warranted.
This information is for environmental review purposes only.

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**ADVISORY TASK FORCE
PROPOSED STRUCTURE & CHARGE**

**XCEL ENERGY
HIAWATHA TRANSMISSION PROJECT**

PUC DOCKET #E002/TL-09-38

May 21, 2009

Prepared by the Staff of the



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INTRODUCTION and BACKGROUND

The OES EFP staff has developed a proposed structure and charge for an advisory task force to assist the Department in the scoping of the environmental review for the Hiawatha Transmission Line Project.

The statutes and rules governing the review of Xcel Energy's Application for a HVTL Route Permit for the Hiawatha Project (PUC Docket E002/TL-09-38) contain provisions for the establishment of an Advisory Task Force; these provisions can be found in Minn. Stat. 216E.08 and Minn. Rule 7849.5270, respectively.

For dockets undergoing review in accordance with the Power Plant Siting Act (Minn.Rule 7849.5270 and Minn. Stat. 216E.08, subdivision 1), the Commission has the authority to appoint a citizen advisory task force, determine its charge and size, and appoint its members.

The ATF may be comprised of as many persons as may be designated by the Commission, but shall include at least one representative from each of the following: Regional Development Commissions, counties and municipal corporations and one town board member from each county in which a site is proposed to be located.

The Commission must specify in writing the charge to the ATF upon appointment. The charge shall include the identification of additional routes or particular impacts to be evaluated in the environmental impact statement.

The ATF expires upon completion of its charge, release of the Scoping Decision, or a date specified by the Commission, whichever occurs first. This termination language was added to Minn. Stat. 216E.08 during the 2001 legislative session (Chapter 212, article 7, section 18, 19).

STRUCTURE

The intent of the legislation in assuring that members of regional and local governments have a seat on the ATF is to ensure that conflicts with, or issues relative to regional and local planning are identified for consideration. The propose structure attempts to adapt this intent to the highly urbanized setting of the Hiawatha Project. The advisory task force members will be solicited from the following:

- A. Local units of government:
 - Hennepin County
 - The city of Minneapolis

- B. Political Subdivision
 - Regional Railroad Authority

Midtown Greenway Coalition
Minneapolis Ward 9
Minneapolis Ward 8
Minneapolis Ward 6
Minneapolis Ward 2

C. Non-Governmental Organizations

Central Area Neighborhood Development Organization
Corcoran Neighborhood Organization
East Phillips Improvement Coalition
Elliot Park Neighborhood, Inc.
Longfellow Community Council
Seward Neighborhood Group
Powderhorn Park Neighborhood Association
Phillips West Neighborhood Association

The Task Force will be comprised of no more than 16 members.

CHARGE

The Advisory Task Force members will assist the OES EFP staff in developing the scope of environmental review for the EIS being prepared for the Hiawatha 115 kV Transmission line project currently before the Commission (PUC Docket E002/TL-09-38).

Tasks relating to development of the scope of the environmental review will include:

1. Familiarize the membership of the ATF with the proposed project by reviewing the HVTL Route Permit application;
2. Review the Draft Scoping Document produced by the OES EFP staff;
3. Develop potential route or route segment alternatives, and
4. Develop specific impacts and issues of local concern that should be assessed in the EIS by adding detail to the Draft Scoping Document.

The Task Force will expire upon completing the above charge or upon designation by the Director of the OES of Scoping Decision, whichever occurs first.