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**In the Matter of the Application of
Prairie Rose Wind, LLC, for a
Certificate of Need for the
101 Megawatt Prairie Rose Wind Project
in Rock and Pipestone Counties**

**ENVIRONMENTAL REPORT
SCOPING DECISION**

PUC Docket No. IP-6943/CN-10-80

The above matter has come before the Director of the Office of Energy Security (OES) for a decision on the scope of the Environmental Report (ER) to be prepared in consideration of the Prairie Rose Wind, LLC, Application for a Certificate of Need for the proposed 101 Megawatt (MW) Prairie Rose Wind Project in Rock and Pipestone counties.

A final decision on turbine selection and design has not been made, but the project will consist of turbines with a rated capacity between 1.5 and 2.3 MW in such number and combination as to yield up to 101 MW. Facilities associated with the project include gravel access roads, an operation and maintenance building, meteorological towers, a Sonic Detection and Ranging (SODAR) unit, and an electrical collection system, including a project substation.

The Project is located in southwestern Minnesota approximately three miles east of the town of Jasper. The project boundary is 35,335 acres in the townships of Denver, Rose Dell, and Springwater, in Rock County and Elmer and Eden townships in Pipestone County. There are currently over 14,000 acres under site control. Electricity from the Project would be transmitted via a 24-mile 115 kV transmission line to the existing Split Rock Substation near Brandon, South Dakota.

The project requires a certificate of need (CN) and a site permit for the wind farm from the Minnesota Public Utilities Commission (Commission). The CN (CN-10-80), the site permit (WS-10-425), and the routing permit (TL-10-134) are being considered by the Commission in separate dockets.

On May 13, 2010, Prairie Rose Wind, LLC, filed a certificate of need application with the Commission for the Prairie Rose Wind Project. On July 19, 2010, the Commission issued an order accepting the application as complete and authorizing an informal review process. The proposed project is a large wind energy facility (Minn. Statute 216B.2421). As such, it requires the Minnesota Department of Commerce to prepare an environmental report for the project (Minn. Rule 7849.1200).

A public meeting was held on July 27, 2010, in Jasper, Minnesota, to receive comments on the scope of the environmental report. Approximately 80 persons attended the meeting.

A public comment period followed the meeting, closing on August 17, 2010. Approximately 10 comments were received from the public as well as comments from Minnesota Department of Transportation (Mn/DOT) and Department of Natural Resources (MnDNR). Public comments range from concern about turbine setbacks, noise (and associated impacts to livestock), impacts to local roads, and benefits to local communities (jobs and tax revenues). Mn/DOT expressed concerns about possible impacts to the "King of Trails" Scenic Byway along Hwy 75, transportation of oversize materials and equipment on public roads, and acquiring appropriate permits for using road rights-of-way. MnDNR expressed concerns regarding potential impacts to native prairie and loss of habitat for threatened and endangered species in the project area.

Comments were also received regarding the associated 24-mile 115 kV transmission line that will run from the project area to the Split Rock Substation near Brandon, South Dakota. Specific comments on the impacts of the transmission line will be fully addressed in the Environmental Assessment for the route permit (TL-10-134).

The proposed project is intended to produce renewable energy in furtherance of Minnesota's renewable energy objectives. Accordingly, alternatives examined in the ER will be limited to "eligible energy technologies" that support these objectives (Minn. Statute 216B.1691). These alternatives include: (1) a generic 101 MW wind generation project sited elsewhere in Minnesota, (2) a 38.5 MW biomass plant, and (3) a "no-build" option. An ER provides a high level environmental analysis of the proposed Project and system alternatives and reviews environmental impacts associated with named and alternative projects. It is a part of a larger Public Utilities Commission investigation of the Certificate of Need Application. The Commission in its overall review will address all the issues and alternatives required by rule.

Having reviewed the matter, consulted with the OES Energy Facility Permitting staff, and in accordance with Minnesota Rules 7849.1400 and 7849.1500, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

Prairie Rose Wind Project

The Environmental Report for the Prairie Rose Wind Project will address and provide information on the following matters:

- 1.0 Description of the Prairie Rose Wind Project [Minn. Rule 7849.1500, subp. 1, A]**
- 2.0 Regulatory Framework**
- 3.0 Description of Alternatives [Minn. Rule 7849.1500, subp. 1, B]**
 - 3.1 Generic 101 MW wind project
 - 3.2 A 38.5 MW biomass plant
 - 3.3 No-build option

4.0 Feasibility and Availability of Alternatives [Minn. Rule 7849.1500, subp 1, F]

- 4.1 Prairie Rose Wind Project
- 4.2 Generic 101 MW wind project
- 4.3 A 38.5 MW biomass plant
- 4.4 No-build alternative

5.0 Human and Environmental Impacts and Mitigation [Minn. Rule 7849.1500, subp 1, C, D and E]

5.1 Environmental

5.1.1 Air Quality

- 5.1.1.1 Emissions – pollutants [Minn. Rule 7849.1500, subp. 2, A]
- 5.1.1.2 Emissions – hazardous air pollutants [Minn. Rule 7849.1500, subp. 2, B]
- 5.1.1.3 Ozone formation [Minn. Rule 7849.1500, subp. 2, D]

5.1.2 Water Quality

- 5.1.2.1 Water appropriations [Minn. Rule 7849.1500, subp. 2, G]
- 5.1.2.2 Wastewater [Minn. Rule 7849.1500, subp. 2, H]
- 5.1.2.3 Surface and Ground Waters

5.1.3 Natural Environment

5.2 Community and Social Environment

- 5.2.1 Aesthetic impact and visibility impairment [Minn. Rule 7849.1500, subp. 2, C]
- 5.2.2 Noise [Minn. Rule 7849.1500, subp. 2, J]
- 5.2.3 Property values
- 5.2.4 Tax Revenues
- 5.2.5 Livestock

5.3 Infrastructure and Land Use

- 5.3.1 Fuel availability [Minn. Rule 7849.1500, subp 2, E]
- 5.3.2 Associated transmission facilities [Minn. Rule 7949.1500, subp. 2, F]
- 5.3.3 Solid and hazardous wastes [Minn. Rule 7849.1500, subp. 2, I]
- 5.3.4 Agriculture
- 5.3.5 Roads
- 5.3.6 Communication Systems

6.0 Required Permits [Minn. Rule 7849.1500, subp. 1 G]

ISSUES OUTSIDE OF THE ENVIRONMENTAL REPORT

The environmental report will not consider the following matters:

1. Impacts or mitigative measures associated with specific sites, including specific tower or road locations for the proposed project and alternatives.
2. The negotiation and content of easement agreements by which land owners are paid for property rights, including wind rights.
3. Any alternatives not specifically described in this scoping decision.

SCHEDULE

The environmental report will be completed in October 2010. A public hearing will be held in the project area before an Administrative Law Judge after the environmental report has been issued and notice served.

Signed this 20th day of August 2010

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
OFFICE OF ENERGY SECURITY



William Glahn, Director

