

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David Boyd
J. Dennis O'Brien
Phyllis Reha
Thomas Pugh
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Timothy G. Rogers
Supervisor, Siting and Permitting
Xcel Energy Services Inc.
414 Nicollet Mall, MP-8A
Minneapolis, MN 55401

SERVICE DATE: January 14, 2011

DOCKET NO. E-002/TL-10-249

In the Matter of the Application for a Route Permit for the Southwest Twin Cities (Glencoe to Waconia) Transmission System Upgrade

The above entitled matter has been considered by the Commission and the following disposition made:

Accepted the HVTL Route permit application submitted by Xcel Energy for the Glencoe-Waconia Upgrade Transmission project as complete and authorize OES EFP staff to process the application under the alternative review process pursuant to Minnesota Rules 7850.2800 to 7850.3900.

Authorized the OES EFP staff to name a public advisor in this case.

Determined that an advisory task force is not necessary at this time.

The Commission agrees with and adopts the recommendations of the Office of Energy Security which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



This document can be made available in alternative formats (i.e. large print or audio) by calling 651.296.0406 (voice). Persons with hearing or speech disabilities may call us through Minnesota Relay at 1.800.627.3529 or by dialing 711.



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET No. E002/TL-10-249

Meeting Date: January 6, 2011.....Agenda Item #

Company: Xcel Energy

Docket No. PUC Docket Number: E002/TL-10-249
 In the Matter of the Application for a Route Permit for the Southwest
 Twin Cities (Glencoe to Waconia) Transmission System Upgrade.

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

Xcel Energy’s HVTL Route Permit Application.....December 10, 2010.

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 the project area/location.

(Note: Relevant documents and additional information can be found on eDockets (ET002/TL-10-249) or the PUC Energy Facilities Permitting website

<http://energyfacilities.puc.state.mn.us/Docket.html?Id=30371>)

Statement of the Issue

Should the Commission accept or reject the application as substantially complete under the Alternative 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 December 10, 2010, Xcel Energy submitted a high voltage transmission line (HVTL) Route Permit application to the Commission for the proposed transmission line upgrades to the 69 kV Glencoe to Waconia system.

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 proposed transmission lines are HVTLs and therefore a route permit is required prior to construction. The application was submitted pursuant to the provisions of the Alternative Permitting Process outlined in Minnesota Rules 7850.2800, subpart 2 and 7850.2900.

Minnesota Statute 216B.243, subdivision 2, states that no Large Energy Facility shall be sited or constructed in Minnesota without issuance of a certificate of need by the Commission. The 115 kV single circuit and 115/69 kV double circuit transmission lines proposed for the Glencoe-Waconia project is a “large energy facility” because it has a capacity in excess of 100 kV and is more than 10 miles long.

On November 30, 2010, Xcel Energy submitted an application to the Commission for a certificate of need (CON) for the 115 kV transmission line upgrades to the Glencoe-Waconia 69 kV system. The docket number for the CON proceedings is E002/CN-09-1390.

Project Description

The Project is located in McLeod and Carver counties, near the cities of Glencoe, Plato, Norwood Young America, and Cologne. A Route Permit is being requested to construct approximately 0.9 miles of new 115 kilovolt (“kV”) transmission line, 1.9 miles of new 69 kV transmission line that is capable of operating as 115/69 kV double circuit line and upgrade approximately 20.2 miles of 69 kV transmission line to 115 kV (double circuit 115/69 kV capacity) near the cities of Glencoe, Plato, Norwood Young America and Waconia located southwest of the Twin Cities metro area. The project is approximately 23 miles in total.

The Applicants propose to construct the following facilities for which a HVTL Route Permit is required:

- Construct a new 115 kV Diamond Substation in Glencoe and approximately 5 miles of new 115 kV transmission line between the existing Armstrong Substation and the new Diamond Substation.
- Upgrade approximately 4 miles of 69 kV transmission line to 115/69 kV double circuit from the proposed Diamond Substation to the existing Plato Substation.
- Expand the existing Plato Substation to upgrade the 69 kV distribution load to 115 kV, and to install a capacitor bank on the 69 kV transmission line.
- Upgrade approximately 10 miles of 69 kV transmission line to 115 kV capacity between the Plato Substation, the Young America Substation and the West Waconia Substation.
- Construct approximately 1 mile of new 115 kV transmission line along Highway 5 on the west side of the city of Norwood Young America. This new segment is needed to avoid having to build the 115 kV line into the developed areas of Norwood Young America.
- Upgrade approximately 1 mile of existing 69 kV transmission to 115 kV from the existing West Waconia Substation along Highway 5.
- Construct approximately 2 miles of new 69 kV transmission line from Highway 5 to the existing Augusta 69 kV transmission line. This section would be built to double circuit standard to accommodate a future 115 kV transmission line, along with the proposed 69 kV line.
- Upgrade approximately 7 miles of existing 69 kV transmission line to 115 kV capacity from the Waconia Tap to just short of the Augusta Substation.

The need for the project was first identified in the *Glencoe Area Transmission Study*, conducted in 2002. That study identified the need for a 115 kV transmission line in the McLeod – Glencoe – West Waconia area. The first phase, the McLeod – Glencoe segment was placed in-service in 2006. The current HVTL Route Permit Application addresses the second phase of the plan, which is the Glencoe – West Waconia segment. The Glencoe – West Waconia segment is designed to maintain reliable service to the city of Glencoe during loss of the McLeod – Glencoe line. The applicant states that without the Glencoe – West Waconia line, under certain conditions customer equipment such as process controls, motor drive controls and automated machines, could be damaged due to low voltages. Depending on the duration of a low voltage

condition, equipment such as electronic power supplies could also malfunction or fail when output voltage drops below certain levels. Without the proposed transmission upgrades, low voltage conditions will worsen as the area experiences continued growth and development.

State Regulatory Process and Procedures

The proposed Glencoe-Waconia project involves construction of new 69 kV and 115 kV transmission lines and a proposed rebuild of the 69 kV transmission line to either a 115 kV single circuit or a 115/69 kV double circuit transmission line associated facilities. The Glencoe - Waconia project therefore qualifies for review under the Alternative Permitting Process authorized by Minnesota Statutes Section 216E.04, subd. 2(3), and Minnesota Rules 7850.2800, Subp. 1(C), for HVTLs between 100 and 200 kV.

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. 7850.3100). 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. 7850.3200).

The review process begins with the determination by the Commission that the application is complete. The Commission has six months 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. 7850.3900).

Environmental Review

Applications for high voltage transmission line route permits are subject to environmental review, which is conducted by EFP staff under Minn. R. 7850.3700. The staff will provide notice and conduct public information and scoping meetings to solicit public comments on the scope of the environmental assessment (EA). The Director of the Office of Energy Security (OES) will determine the scope of the EA. An EA 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 EA will be completed and made available prior to the public hearing.

Hearing Process

Applications for high voltage transmission line route permits under the alternative permitting process require a public hearing upon completion of the EA pursuant to Minn. R. 7850.3800. A portion of the hearing must be held in a county where the proposed project would be located.

The hearing must be conducted in the following manner, although the hearing examiner may vary the order in which the hearing proceeds:

- the staff shall make a brief presentation to describe the project, explain the process to be followed, and introduce documents to be included in the record, including the application, the environmental assessment, and various procedural documents;
- the applicant shall introduce its evidence by way of testimony and exhibits;
- the public must be afforded an opportunity to make an oral presentation, present documentary evidence, and ask questions of the applicant and staff;
- the hearing examiner shall provide a period of not less than 10 days for the submission of written comments into the record after the close of the hearing; and
- the hearing examiner shall transmit the complete record created at the hearing, including all written comments, within five days of the close of the record, unless the hearing examiner is prepare a report.

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 7850.3400). 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 routes or specific impacts to be evaluated in the EA and terminates when the OES Director issues an EA 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 7850.3600). 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 EA scoping decision by the OES Director.

Combining/Joining Processes

The Department of Commerce Office of Energy Security (OES) prepares an Environmental Report (ER) on proposed large electric power generating plants that come before the Commission for a determination of need (Minn. Rules 7849.1200); as previously stated, the proposed Glencoe-Waconia project falls within this definition. The ER must contain information on the human and environmental impacts of the proposed project associated with the size, type, and timing of the project, system configurations, and voltage. The environmental report must also contain information on alternatives to the proposed project and address mitigating measures for anticipated adverse impacts.

Minnesota Rule 7849.1900, Subpart 1, provides that in the event an applicant for a certificate of need for a HVTL applies to the Commission for a route permit prior to the time the OES completes the environmental report, the OES may elect to prepare an environmental assessment (EA) in lieu of the required environmental report. If combining the processes would delay completion of the environmental review, the applicant and the Commission must agree to the combination. If the documents are combined, OES includes in the EA the analysis of alternatives required by part 7849.7060, but is not required to prepare an environmental report under part 7849.7030.

Minnesota Statutes § 216B.243, Subdivision 4, require a public hearing be held for the certificate of need to obtain public comments on the necessity of the project. Informal or expedited proceedings (i.e., non-contested) may be used when there are no material facts in dispute (Minnesota Rule 7829.1200). It is anticipated by the author, based on the characteristics and nature of the Glencoe-Waconia Upgrade Transmission project that the process for this project will follow the informal or expedited proceeding. Given this assumption, further efficiencies may be achieved by combining the required hearings in the CON and HVTL route permit process.

OES EFP Staff Analysis and Comments

OES EFP staff conducted a completeness review of the Xcel Energy Glencoe-Waconia transmission line Upgrade HVTL route permit application and concludes that the Application meets the content requirements of Minnesota Rule 7850.3100 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. The proposed design information and preliminary environmental data contained in the HVTL route permit application was used to complete the following evaluation:

Project Size. At 23 miles, the Glencoe-Waconia HVTL project is a moderate length transmission line when compared to the majority of the HVTL applications that come before the Commission. The proposed route for the transmission line primarily follows existing transmission rights-of-way (ROW) for all but approximately 2.8 miles of the project's length. The Applicant will work within the existing 50 foot wide right-of-way for the rebuild portions of the project. The existing transmission line structures vary in height between 50 to 90 feet. By comparison, the proposed transmission line structures will generally be slightly taller, ranging from 60 to 105 feet in height. The overall spacing of the poles will be comparable to the current layout.

Complexity. The proposed project is primarily a transmission line rebuild, with only 2.8 miles of the 23 mile project consisting of new transmission line right-of-way (ROW). The proposed transmission line rebuilds and new line construction are located in primarily rural McLeod and Carver counties.

For the proposed HVTL, approximately 17.8 miles of the 23 miles (77%) will be parallel to existing roadways, and approximately 5.23 miles (23%) will be cross country transmission lines.

The proposed transmission line rebuild and new line construction are primarily located in agricultural areas. Segments of the line being decommissioned are located in the City of Norwood Young America. This is the only area along the route that is considered urban.

Known/Anticipated Controversy. OES staff anticipates only a moderate level of public interest with this project, based on a review of the comments received during Xcel Energy's February 8, 2010, "open house" meeting. Approximately 27 persons attended that meeting. The attendees focused primarily on the location of the new segment of transmission line near the West Waconia Substation and transmission structure design details of the proposed Project. The proposed transmission line locations were developed with the following primary objectives:

- Maximize use of existing transmission line alignments and rights-of-way;
- Minimize impacts to residences;
- Minimize use of new right-of-way;
- Minimize impacts to environmental and sensitive resources.

Sensitive Resources. The land use in project area is primarily agricultural and the proposed route utilizes primarily existing ROWs, both transmission and transportation. While various large wetland complexes and small isolated wetlands are located through the project area, wetland and surface water impacts are expected to be minimal by employing best management practices and select alignment and pole placement.

A total of 53 previously recorded cultural resource properties were located within one mile of the proposed project area. All of the 53 cultural resource properties identified are located outside the 75 foot transmission line right-of-way and will not experience direct impacts resulting from the construction of this project.

There are four formal recreational areas and two wildlife management areas located near the project; none of these areas intersect the proposed route.

There are seven known occurrences of rare species and sensitive natural communities within 1.5 miles of the project area; the HVTL and construction process will be designed to avoid encroachment and effects on rare species and unique natural resources to the extent practicable. If rare species or unique natural resources are found within the proposed ROW, modifying either the construction footprint or the construction practices to minimize impacts will be considered.

Based on the analysis above, OES staff concludes that an advisory task force is not warranted in this case.

Environmental Review

The OES EFP staff has concluded that combining the ER and EA into a single environmental review document is warranted in this case. The HVTL route permit application was filed prior the completion of the ER required for the CON and prior to initiation of the scoping process for the ER. Thus, preparing an EA in lieu of the ER will achieve process efficiencies. It will enable staff to solicit comments pertinent to the scoping of both the Environmental Report (CON process) and the Environmental Assessment (HVTL route process) at a single public informational meeting. OES will then develop one scoping document and one environmental document for both applications.

Combining the processes will not delay completion of the environmental review.

Public Hearing

Because the HVTL route permit application was filed so early in the CON process, efficiencies could be gained by coordinating the public hearing of the CON proceeding with the public hearing required in the Alternative Review process.

Commission Decision Options

A. Application Acceptance

1. Accept the HVTL Route permit application submitted by Xcel Energy for the Glencoe-Waconia Upgrade Transmission project as complete and authorize OES EFP staff to process the application under the alternative review process pursuant to Minnesota Rules 7850.2800 to 7850.3900.
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 a 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.

EFP Staff Recommendation

Staff recommends Options A1, B1 and C3.

