

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Ellen Anderson	Chair
J. Dennis O'Brien	Commissioner
Phyllis Reha	Commissioner
David Boyd	Commissioner
Betsy Wergin	Commissioner

Teresa M. Mogensen
Vice President, Transmission and Operating
Services
Xcel Energy
414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

SERVICE DATE: November 14, 2011

DOCKET NO. E-002/CN-09-1390

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy and the City of Glencoe for a Certificate of Need for 115kV Transmission Line Upgrades to the Glencoe-Waconia 69 kV System

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

Based upon its examination of the record and the attached comments and recommendations of the Minnesota Department of Commerce (the Department), the Commission makes the following findings under Minn. Rules, part 7849.0120:

- A. The probable result of denying this application would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the applicant, the applicant's customers, and the people of Minnesota.**
- B. A more reasonable and prudent alternative to the proposed line has not been demonstrated by a preponderance of the evidence on the record.**
- C. The preponderance of the evidence on the record demonstrates that the proposed line will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health.**
- D. The record does not demonstrate that the design, construction, or operation of the proposed facility, or a suitable modification of the facility, will fail to comply with relevant policies, rules, and regulations of other state and federal agencies and local governments.**

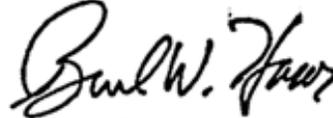
Having examined the record and the Environmental Assessment filed by the Commissioner of the Department, the Commission finds under Minn. Rules, part 7849.1800, subp. 2, that the Environmental Assessment on this project and the record created in this case adequately address the issues identified by the Commissioner of Commerce in the decision he made under Minn. Rules, part 7849.1400, subp. 7.

The Commission grants Northern States Power Company and the City of Glencoe a Certificate of Need for the 115 kV transmission line upgrades to the Glencoe – Waconia 69 kV system in Carver and MacLeod Counties.

The Commission agrees with and adopts the Department’s recommendations which are attached and hereby incorporated in the Order.

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



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April 29, 2011

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota of Commerce, Division of Energy Resources**
Docket No. E002/CN-09-1390

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Application for a Certificate of Need for 115 kV Transmission Line Upgrades to the
Glencoe—Waconia 69 kV System.

The Petitioner is:

Teresa M. Mogensen
Vice President, Transmission and Operating Services
Northern States Power Company
414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

The Department recommends **approval**. The Department's team of Hwikwon Ham, Christopher Davis and myself is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ STEVE RAKOW
Rates Analyst

SR/ja
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE,
DIVISION OF ENERGY RESOURCES

DOCKET NO. E002/CN-09-1390

I. INTRODUCTION

A. PROCESS BACKGROUND

1. Notice Plan

On December 2, 2009 Northern States Power Company, a Minnesota Corporation (Xcel or the Company) submitted the Company's *Application of Northern States Power Company, a Minnesota Corporation, for a Certificate of Need to Upgrade the Glencoe – Waconia Transmission line to 115 kV: Notice Plan Petition* (Notice Petition). The Notice Petition provided Xcel's proposed notice plan for a set of 115 kV transmission line upgrades near the cities of Glencoe, Waconia, and Norwood Young America, Minnesota.

Comments on the Notice Petition were filed by the Minnesota Department of Commerce (Department), formerly known as the Office of Energy Security, on December 22, 2009. On December 30, 2009 the Company filed reply comments.

Finally, on January 26, 2010 the Minnesota Public Utilities Commission (Commission) issued an Order approving the Notice Petition.

2. Completeness

On November 30, 2010 Xcel and the City of Glencoe (City) (collectively, Applicants) filed the Applicants' *Application for a Certificate of Need for 115 kV Transmission Line Upgrades to the*

Glencoe—Waconia 69 kV System (Petition). The Petition describes the proposed facilities as follows:

- Construct a new 115 kV Diamond substation in the city of 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 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.
- 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 from the Waconia tap to just short of the Augusta substation.

On December 29, 2010 the Department filed comments regarding the completeness of the Petition. On January 11, 2011 the Applicants submitted a supplement which provided the additional data recommended by the Department. Separately on January 11, 2011 the Applicants submitted reply comments on completeness.

On February 1, 2011 the Commission issued its *Order Finding Application Complete and Initiating Informal Review Process* (Second Order) which determined that the Applicants' Petition was complete.

Below are the comments of the Department regarding the Applicants' Petition.

B. PLANNING BACKGROUND

The proposed line is discussed within the *2009 Minnesota Biennial Transmission Projects Report* (2009 Report) as issue number 2007-TC-N1, also referred to as the Southwest Metro 115 kV Development.¹ The 2009 Report lists three areas with problems addressed by the proposed transmission line:

1. Glencoe to West Waconia—N-1 violations and age of existing facilities causing low reliability;
2. West Waconia to Scott County—future load growth; and
3. Scott County to Westgate—thermal overloads during certain contingencies.

The Applicants' proposal is consistent with the transmission infrastructure improvements discussed under the Southwest Metro 115 kV Development issue in the 2009 Report.

II. DEPARTMENT ANALYSIS

Minnesota Statutes §216B.2421, subd. 2 (3) defines a large energy facility (LEF) as “any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota.” Since the proposed facility would have a capacity of 115 kV and would be greater than ten miles in length it qualifies as a LEF. Second, Minnesota Statutes §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 by the Commission...” Therefore, a Certificate of Need (CN) must be approved by the Commission before the proposed facility could be sited or constructed.

There are several factors to be considered by the Commission in making a determination in CN proceedings. In a general manner, these factors are located in different sections of Minnesota Statutes. Some of the general, statutory criteria are reflected in a more specific way in Minnesota Rules part 7849.0120. However, some statutory criteria do not appear to be reflected in rules. To clarify the analysis, the Department grouped all of the statutory and rule criteria into five broad categories and allocated each of the statutory and rule criteria to one of the categories. The broad categories are:

- need analysis;
- link to planning process;
- analysis of alternatives;
- socio economic analysis; and
- policy analysis.

¹ See Docket No. E999/M-09-602.

The Department addresses each of the statutory and rule criteria below. A cross-index matching the statutory and rule criteria to the section where each is addressed along with a summary of the Department's analysis is provided as Attachment 1.

The Department relies upon the environmental document for an analysis of the effects of the proposed facility and the alternatives upon the natural and socioeconomic environments.

A. *NEED ANALYSIS*

Overall, the need analysis is governed by Minnesota Rules 7849.0120 A which states that a Certificate of Need must be granted upon determining that:

The probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the applicant, to the applicant's customers, or to the people of Minnesota and neighboring states.

The rule then proceeds to list 5 distinct criteria. The Department presents the analysis of the need for the project in two parts. The first part is designed to address the accuracy of the forecast underlying the claimed need. The second part is designed to address any broader reliability needs claimed by the Applicants. Each part is addressed separately below.

1. *Forecast Analysis*

a. *Accuracy of the Forecast*

Regarding accuracy of the forecast, Minnesota Rules 7849.0120 A (1) states that the Commission is to consider "the accuracy of the applicant's forecast of demand for the type of energy that would be supplied by the proposed facility." Regarding the accuracy of the applicant's forecast of demand, the Petition states at page 30:

The most recent forecast provided by Central Minnesota Municipal Power Agency ("CMMPA") for the City of Glencoe indicates that the peak load would be around 20.8 MW in 2015 as opposed to 26.4 MW used in the Study. Historic peaks loads in the City of Glencoe were of 25.8 MW in 2003 and 24 MW in 2006, therefore the loads modeled in the Study are rather conservative. Even with the 20.8 MW of load as forecasted by CMMPA, the voltages at the City of Glencoe and High Island substations would be around 92 percent of the design voltage. Since this is close to being a low voltage violation (and the load for the City of Glencoe has shown the potential to be higher), combined with the age and condition of

the existing 69 kV line, the new forecast provided by CMMPA does not impact the need for the Project.

And the Petition states at page 30 and 31:

The Southwest Twin Cities metro area has realized significant growth during the past 10 years and is projected to continue growing at a significant rate over the next decade. Census data show that: Carver County is forecast to grow from a population base of 70,000 in 2002 to 111,000 by 2010 and 163,000 by 2020; Hennepin County is forecast to grow from a population base of 1,116,000 in 2002 to 1,217,000 by 2010 and 1,312,000 by 2020; and McLeod County is forecast to grow from a population base of 35,000 in 2002 to 37,000 by 2010 and 40,000 by 2020. Combined, the populations located within these three counties are expected to increase by approximately 290,000 people over the next ten years.

Major commercial and retail development is also anticipated in the area. Growth and development will be facilitated by major new road construction in the area, as well. For example, in 2008, construction of the Highway 212 corridor upgrade was completed. The new Highway 212 included approximately 12 miles of new road that runs southwest between Hennepin County State Aid Highway 4 in Eden Prairie, where it connects to existing Highway 212, to several hundred feet west of Carver County State Aid Highway 147 in Carver, where it reconnects to existing Highway 212. The highway runs through the cities of Eden Prairie, Chanhassen, Chaska, Carver, and Dahlgren.

The City of Chaska has already capitalized on its new access to Highway 212 with plans to construct a new biotechnology center. The City has received a \$1 million grant from the State of Minnesota to help create the Chaska Biotech Center, which according to city officials will be a 380-acre business park that is projected to produce as many as 10,000 new jobs within the next 10 years. This development is expected to add approximately 25 to 40 megawatts of new load to the system, which will further the need for the proposed new transmission upgrades as well as future transmission additions in the west-metro region. (Footnotes excluded.)

Thus, the actual load for the area exceeds the level at which reliable service can be provided. Based on this information the Department concludes that the accuracy of the forecast of demand is not relevant to a determination of need because the area already experienced historical demand greater than the ability of the infrastructure to reliably provide service. Further, the forecast of future demand indicates that transmission improvements are needed even with CMMPA's low forecast. The Department also reviewed the City of Chaska's recently filed public comments noting the expectation of an additional 25 to 40 megawatt load. With the population growth forecast and the City of Chaska's spot load change, the Department concludes that the forecast used to produce the study to support the Certificate of Need request is reasonable. In summary, the Department concludes that this subcriterion has been met.

b. Relation to State Energy Needs

Also related to forecast analysis is Minnesota Rules 7849.0120 C (1) which states that the Commission is to consider "the relationship of the proposed facility, or a suitable modification thereof, to overall state energy needs." Regarding overall state energy needs, clearly the line in question is related to local needs generally and local reliability in particular rather than overall state energy needs. Therefore, a discussion of state energy needs is not directly relevant. However, the Department's *Energy Policy and Conservation Report 2004* (Quad Report) states at page 13 "reliable electric service is critical for the way we live today." Further, the Quad Report states that:

Reliability of electric service can be divided into two basic components: adequacy and security. "Adequacy" is the ability of utilities to supply customer's electric service requirements, taking into account scheduled and unscheduled outages. "Security" is defined as the system's ability to withstand sudden unexpected disturbances without collapsing.

Above the Department noted that the area has experienced demand greater than reliable supply capability. This situation appears to the Department to be a violation of the security portion of reliability as defined above. Therefore, while the proposed project is not directly related to overall state energy needs, it is necessary to restore reliable service in the local area. In summary, the Department concludes that this subcriterion has been met.

2. Reliability Analysis

Minnesota Statutes §216B.243, subd. 3 (9) states that in assessing need, the Commission shall evaluate "with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota." Regarding "enhanced regional reliability, access, or deliverability" due to the transmission line in question, the claimed need is for local load serving in the area. Therefore, the proposed transmission line would

provide enhanced reliability in the area where it is being built, by restoring service to local loads to acceptable levels. However, beyond this benefit, the Department concludes that the proposed line would have no further impact, positive or negative, with regard to this subcriterion.

B. LINK TO PLANNING PROCESS

1. Renewable Preference

Regarding renewable preference, there are two sections of Minnesota Statutes that apply. First, Minnesota Statutes §216B.243, subd. 3a states that:

The commission may not issue a certificate of need under this section for a large energy facility that generates electric power by means of a nonrenewable energy source, or that transmits electric power generated by means of a nonrenewable energy source, unless the applicant for the certificate has demonstrated to the commission's satisfaction that it has explored the possibility of generating power by means of renewable energy sources and has demonstrated that the alternative selected is less expensive (including environmental costs) than power generated by a renewable energy source. For purposes of this subdivision, "renewable energy source" includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel.

Second, Minnesota Statutes §216B.2422, subd. 4 states that:

The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section [216B.243](#), nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest.

In response, the Department notes that the transmission line in question will not interconnect any particular generation resource. Moreover, the transmission line is not needed to interconnect or transmit power from a new generation resource. Rather, the line will transmit electricity from the existing grid generally to the local area. Therefore, these renewable preference statutes do not apply.

In summary, the Department concludes that these statutory criteria do not apply.

2. *Demand-side Management*

Regarding Demand-side Management (DSM), Minnesota Statutes §216B.243, subd. 3 states:

No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures.

Also, Minnesota Statutes §216B.243, subd. 3(8) states that the Commission shall evaluate:

...any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;

These statutes are reflected in Minnesota Rules 7849.0120 A(2) which requires the Commission to consider “the effects of the applicant's existing or expected conservation programs and state and federal conservation programs.”

In order to assess the magnitude of the DSM efforts that would be necessary for DSM to function as a viable alternative, the Department reviewed Xcel’s assessment of distributed generation (DG). The level of DG necessary to create an alternative is indicative of the level of DSM needed since the two are merely opposite sides of the same coin—they both eliminate the necessity of transmitting power from remote sources. First, regarding the Glencoe area, the Petition states at page 45 that “no additional generation was added at this location because the internal generation mitigates the contingencies.” However, rebuilding of the 69 kV line would be needed in addition to the distributed generation in the area. A DSM alternative would have to include costs for such a rebuild.

Second, regarding the St. Bonifacius area, the Petition states at page 46 “no additional generation is required at that location.” However, “the generation may need to be run in anticipation of an outage.” Thus, a DSM alternative would have to include the incremental costs of such “must-run” generation.

Third, regarding the Chaska/Waconia area, Table 14 on page 47 of the Petition shows a 4 MW need in 2015, growing to 15.9 MW in 2027. Furthermore, a March 23, 2011 letter from Chaska Municipal Services states that the United Health Group is currently constructing a new data center; the load from the data center is anticipated to be 20 MW. The data center is expected to start coming on-line in January 2012 and will be “rapidly ramping up load in the following years.” Thus, a DSM alternative would need to achieve load reductions of at least 24 MW in the Chaska/Waconia area by 2015, perhaps sooner. For purposes of comparison, Xcel’s response to

Department Information Request No. 8 indicates that the load on the two substations “Chaska City” and “Xcel Chaska” was about 17 MW in 2009.

Furthermore, Xcel’s response to Department Information Request No. 8 states:

NSP is aware of the additional 20 MW of load that would be coming up at the City of Chaska over the next few years. To meet the transmission needs of the new load that would be added, additional transmission has to be built between Augusta and Scott County substations. Although these additional facilities are not part of the current project scope, the current project is required to build the facilities needed to meet the 20MW of new load that would be coming up in the next few years.

Based upon this information, the Department concludes that energy conservation is not a good option for providing the load reduction needed in place of the Proposed Project because:

1. The load reduction is too large to be able to be obtained through energy conservation projects in a small geographic area. In other words, demand reductions in Glencoe may not help alleviate the overloading in the Chaska area.
2. The load reduction is needed almost immediately. Even if energy conservation over time could provide the load reduction, it would not be able to provide it in a timely manner.

Thus, while energy conservation is an effective alternative for meeting future needs, it will not be able to address issues related to meeting existing demand at the levels indicated above. In summary, the required load reductions are too large, in too small an area, and required to be in place too soon for conservation to be a reasonable alternative. Therefore, the Department concludes that this criterion has been met.

C. ANALYSIS OF ALTERNATIVES

Overall, the analysis of alternatives is governed by Minnesota Rules 7849.0120 B which states that a Certificate of Need must be granted upon determining that:

...a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence on the record.

The rule then proceeds to list four distinct criteria. The Department breaks down its analysis of the alternatives to the proposed facility into four broad areas:

- alternatives analysis
- reliability analysis;
- distribution generation (DG) analysis; and
- integrated gasification combined cycle (IGCC) preference.

Each area is addressed separately below.

1. *Alternatives Analysis*

a. *Non-CN facilities analysis*

Minnesota Rules 7849.0120 A (4) states that the Commission is to consider “the ability of current facilities and planned facilities not requiring certificates of need to meet the future demand.” Regarding the effects of facilities not requiring CNs, these could be considered to be DG or transmission and distribution facilities not requiring a CN under Minnesota Statutes §216B.2421, subd. 2. The Applicants discuss an alternative combining DG with transmission rebuilds in the Petition at pages 45 to 49. Using the summary for three areas impacted by the proposed facilities, as provided on page 48 of the Petition, the Department attempted to determine a high level cost estimate for such an alternative:

- Glencoe—West Waconia area:
 - \$4 to \$5 million capital cost to rebuild 69 kV transmission,² and
 - increased operational cost of \$115 per MWh from must-run generation.³
- St. Bonifacius area:
 - increased operational cost of \$135 per MWh from must-run generation.⁴
- Waconia—Scott County Area:
 - increased operational cost of \$115 per MWh from must-run generation,
 - \$13 million capital cost for DG initially,⁵
 - \$13 million capital cost for DG in about 2020.

² Based upon information from the *Community Based Energy Development Transmission Study: West Central (Minnesota) Transmission Planning Zone*, dated January 18, 2007.

³ Based upon information from the *Assumptions to the Annual Energy Outlook 2010*, published by the U.S. Energy Information Agency.

⁴ Based upon information from Docket No. ET2/RP-08-873, Great River Energy’s most recent resource plan.

⁵ Based upon information from the *Assumptions to the Annual Energy Outlook 2010*, published by the U.S. Energy Information Agency.

This “DG plus rebuilds” alternative may not address the needs identified in the March 23, 2011 letter from Chaska Municipal Services (Chaska Letter). From this information the Department concludes that, while such a “DG and rebuild” alternative could be economically competitive with the proposed project, it may not be a satisfactory alternative since:

- the alternative would be somewhat less reliable without additional generation units being acquired to account for the lower reliability of generation when compared to transmission;
- some increased operational costs would be incurred for the existing St. Bonifacius and Glencoe generating units along with the new units to be built in the Waconia—Scott County Area;
- substantial operational costs may be incurred if the St. Bonifacius generating unit becomes a must-run unit prior to actually experiencing an outage;
- the alternative likely would be less adaptable to high growth futures due to the reliance on 69 kV rather than 115 kV transmission (see page 55 of the petition and the Chaska Letter); and
- the alternative likely would be less adaptable to the potential addition of a 345 kV transmission source in the future (see page 37 of the petition).

Considering these factors, the Department did not pursue a DG and rebuild alternative in further detail. In summary, the Department concludes that this criterion has been met.

2. *Size, Type, and Timing*

Minnesota Rules 7849.0120 B (1) states that the Commission is to consider “the appropriateness of the size, the type, and the timing of the proposed facility compared to those of reasonable alternatives.” The Department concludes that “size” refers to the quantity of power transfers that the transmission infrastructure improvement enables, “type” refers to the transformer nominal voltages, rated capacity, surge impedance loading (SIL), and nature (AC or DC) of power transported, and “timing” refers to the on-line date for the distribution infrastructure improvements.⁶

First, the Department concludes that the Applicants’ proposed size is reasonable because the proposed transmission line is sized so as to address local issues and coordinates with future potential bulk transmission.

⁶ The discussion of size, type, and timing is based upon the *Direct Testimony and Exhibit of Samir Ouanes*, filed April 11, 2002 in Docket No. E002/CN-01-1958.

Second, the Department concludes that the Applicants' proposed type is reasonable because:

- Use of any other voltage would require the addition of transformers at the Glencoe and West Waconia substations, substantially increasing the total cost;⁷ and
- Use of a DC design is not a realistic option for short, low voltage transmission lines.⁸

Regarding timing, the Applicants' proposed in-service date of winter of 2012 is reasonable since the date is as soon as it would be reasonable to expect such facilities to be completed. In summary, the Department concludes that this subcriterion has been met.

3. *Cost Analysis*

Minnesota Rules 7849.0120 B (2) states that the Commission is to consider "the cost of the proposed facility and the cost of energy to be supplied by the proposed facility compared to the costs of reasonable alternatives and the cost of energy that would be supplied by reasonable alternatives." In Tables 8 and 9 on pages 39 to 41 of the Petition Xcel reports the total cost of the proposed project and the alternative. The estimates provided are a capital cost of \$29 million for the Company's proposed project and \$26 million for the alternative. The system line losses are virtually identical, the alternative incurring 0.1 MW lower losses across the system studied.

Considering that the difference in line losses is minimal, the capital cost differential of \$3 million is the relevant economic consideration. The Applicants have not proposed the least-cost alternative at this time. The Petition explains this choice at page 37. The Applicants state:

Option A-1 is preferred based on "the assumption from the 2016 Renewable Energy Standards Study that the 230 kV transmission line from the Minnesota Valley Substation to the Blue Lake Substation will be converted to 345 kV capacity at some point in the future... A termination at West Waconia [Note: the proposal] instead of Carver County [Note: the alternative] is beneficial because of the proximity of the West Waconia Substation to this potential 345 kV transmission line. A termination at the West Waconia Substation would allow any future need for bulk transmission in the area to be easily be met with minimal additions of new transmission facilities.

⁷ For further data see the Company's discussion of other transmission voltages, section 3.4.1 of the Petition.

⁸ For further data see the Company's discussion of the DC alternative, section 3.5.7 of the Petition.

Although the West Waconia Substation could be used as a future 345 kV substation in the alternative option, it could also cause overloading of the Carver County—West Waconia transmission line... Moreover, the loss of the Carver County—West Waconia transmission line could pose voltage problems because all of the loads at Glencoe, Victoria, and Chaska Substation would be connected to Carver County Substation with this alternative.

Thus, the Applicants explain that the increased cost is justified by long term planning considerations. With this longer term perspective, the Department agrees with the Applicants to the extent that a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence, as is required by Minnesota Rules 7849.0120 B.

In summary, the Department concludes that this subcriterion has been met.

4. Natural and Socioeconomic Environment Analysis

Minnesota Rules 7849.0120 B (3) states that the Commission is to consider “the effects of the proposed facility upon the natural and socioeconomic environments compared to the effects of reasonable alternatives.” The proposed project and the alternative will transmit power from the transmission grid generally for distribution within the local area. Therefore, an externality value could be calculated based upon the regional generation mix. Such an externality value would be applicable equally to all transmission. Thus, externalities do not distinguish between wires-based alternatives unless there is a significant difference in avoided losses. Page 43 of the Petition explains that the difference in avoided losses is about 0.1 MW. Therefore, the use of the Commission’s externality values is unlikely to alter the cost rankings provided in the Petition.

In summary, the Department concludes that this subcriterion has been met.

5. Reliability Analysis

Minnesota Rules 7849.0120 B (4) states that the Commission is to consider “the expected reliability of the proposed facility compared to the expected reliability of reasonable alternatives.” The proposed transmission line is proposed to improve reliability. As discussed above, the Petition considers several alternatives such as generation, double-circuiting, non-CN alternatives, DC lines, and the no-build alternative. Based upon our review of the Applicants’ analysis, the Department concludes that each of the alternatives would result in equivalent or inferior reliability. In particular, on a MW-for-MW basis generation is less reliable than transmission.⁹ Therefore, the Department concludes that this criterion has been met.

⁹ For example, in the Petition the Applicants explain that new generation might be available to operate 95 percent of the necessary hours while transmission is available to operate 99 percent of the time.

6. *DG Analysis*

Minnesota Statutes §216B.2426 states that “the commission shall ensure that opportunities for the installation of distributed generation, as that term is defined in section 216B.169, subdivision 1, paragraph (c), are considered in any proceeding under section 216B.2422, 216B.2425, or 216B.243.” In turn, Minnesota Statutes §216B.169 states:

For the purposes of this section, the following terms have the meanings given them...

(c) "High-efficiency, low-emissions, distributed generation" means a distributed generation facility of no more than ten megawatts of interconnected capacity that is certified by the commissioner under subdivision 3 as a high-efficiency, low-emissions facility.

Overall, the Department notes that DG as an alternative (combined with a transmission rebuild) is discussed above and the Department’s conclusion is that DG is not a preferred alternative. That conclusion applies equally to the subset of DG that would qualify under Minnesota Statutes §216B.169.

7. *IGCC Preference*

Minnesota Statutes §216B.1694, subd. 2 (a) (5) states that an ‘innovative energy project’:

...shall, prior to the approval by the commission of any arrangement to build or expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for the generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers.

This statute does not apply since the proposed facility in question is a distribution line rather than a generating facility.

D. *SOCIOECONOMIC ANALYSIS*

Overall, the socioeconomic analysis is governed by Minnesota Rules 7849.0120 C which states that a Certificate of Need must be granted upon determining that:

...by a preponderance of the evidence on the record, the proposed facility, or a suitable modification of the facility, will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health.

The rule then proceeds to list four distinct criteria. The Department relies on its Environmental Report (ER) for its socioeconomic analysis in a CN proceeding. As of the date of the submission of these comments, the ER is not yet complete. Therefore, the Department recommends that the Commission consider the ER that will be filed by the Energy Facilities Permitting Staff of the Department in the Commission's decision in this matter.

E. POLICY ANALYSIS

There are several remaining criteria in statutes and rules that are applicable to a CN but do not closely fit into the need, planning, alternatives, and socioeconomic categories discussed above. Therefore, these criteria are grouped into a final category of policy considerations. In this policy section the Department addresses criteria related to:

- policies of other agencies;
- promotional practices;
- REO compliance;
- environmental cost planning;
- transmission planning compliance; and
- carbon dioxide emissions.

1. Policies of Other Agencies

Minnesota Rules 7849.0120 D states that a Certificate of Need must be granted on determining that:

...the record does not demonstrate that the design, construction, or operation of the proposed facility, or a suitable modification of the facility, will fail to comply with relevant policies, rules, and regulations of other state and federal agencies and local governments.

The Department reviewed the list of related filings and permits potentially required that was provided in response to Information Request No. 2. However, the Department did not investigate whether those permits will be granted. Of course, should any of these permits be denied, the Department assumes that the proposed project will not be constructed, regardless of the Commission's decision regarding the Petition. The Department relies upon the agencies to enforce their permit requirements.

Based upon the above, the Department concludes that the record does not demonstrate that the Applicants will fail to comply with relevant policies, rules, and regulations of other state and federal agencies and local governments.

2. *Promotional Practices*

Minnesota Rules 7849.0120 A (3) state that the Commission is to consider “the effects of promotional practices of the applicant that may have given rise to the increase in the energy demand, particularly promotional practices which have occurred since 1974.” Regarding the effects of promotional practices, the Petition at page 21 indicates that the continued and anticipated growth in the region have given rise to the increase in energy demand. The Applicants state that they have not conducted promotional activities that have triggered the need for the proposed project. The Department is not aware of any promotional practices of the Applicants that may have contributed to the increase in energy demand. Therefore, the Department concludes that this subcriterion has been met.

3. *REO Compliance*

a. *Compliance with Minnesota Statutes §216B.1691*

Minnesota Statutes §216B.243, subd. 3 (10) states that the Commission shall evaluate “whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691.” In turn, Minnesota Statutes §216B.1691, subd. 2 states:

Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that commencing in 2005, at least one percent of the electric utility's total retail electric sales to retail customers in Minnesota is generated by eligible energy technologies and seven percent of the electric utility's total retail electric sales to retail customers in Minnesota by 2010 is generated by eligible energy technologies.

Regarding Xcel, Minnesota Statutes §216B.1691, subd. 2a (b) states:

An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to

provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

- | | | |
|-----|------|-------------|
| (1) | 2010 | 15 percent; |
| (2) | 2012 | 18 percent; |
| (3) | 2016 | 25 percent; |
| (4) | 2020 | 30 percent. |

Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.

To address this issue the Department referred to the Commission's August 5, 2009 *Order Approving Five-Year Action Plan as Modified and Setting Filing Requirements* (Docket No. E002/RP-07-1572) which states at ordering point 5:

The Commission finds that Xcel is in compliance with its REO/RES to obtain at least one percent of its Minnesota retail sales from renewable sources in 2008, and that the Company has plans in place to comply with its RES requirement through 2017.

In addition, on May 28, 2010 Xcel submitted its RES compliance report for 2009 in Docket No. E999/PR-10-267 showing its compliance with 2009 RES requirements. Therefore, given that the Commission found that Xcel is compliant, the Department concludes that the Company has met this statutory criterion.

Regarding the City, the Petition at page 84 of Appendix A states that:

Glencoe receives nearly 30% of its energy from the Spruce Ridge Landfill Renewable Energy Facility... The facility itself uses anaerobic decomposition organic waste...

Minnesota Statutes §216B.1691, subd. 1 defines eligible technologies. Part (5) of subdivision 1 defines biomass as an eligible technology as follows:

...biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel.

In addition, the Petition notes that the City purchases energy from 2 different wind farms with a combined nameplate capacity of 2.1 MW. Therefore, the Department concludes that the City has met this statutory criterion.

b. C-BED Projects

Minnesota Statutes §216B.1612 (c) states that “the Commission shall consider the efforts and activities of a utility to purchase energy from (community-based energy development) C-BED projects when evaluating its good faith effort towards meeting the renewable energy objective under section 216B.1691.” To review Xcel’s efforts towards C-BED projects, the Department referred to the Company’s 2010 resource plan petition (Docket No. E002/RP-10-825). This document indicates that Xcel has 327 MW of C-BED projects already acquired or contracted to be on the Company’s system by the end of 2012. This level represents about 18 percent of the Company’s total wind resources. Xcel has made significant efforts towards C-BED projects. Given Xcel’s C-BED portfolio, the small size of the City’s load, and the City’s substantial quantity of renewable energy, the Department did not pursue whether the City has made efforts towards acquiring C-BED projects. Therefore, the Department concludes that the Applicants have met this statutory criterion.

4. Environmental Cost Planning

Minnesota Statutes §216B.243, subd. 3 (12) states that the Commission shall evaluate “if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.” In this case, the Applicants are proposing a transmission line, not a generating plant. Moreover, this transmission line is not proposed to interconnect a new generating plant. Therefore, this statute does not apply.

5. Transmission Planning Compliance

Minnesota Statutes §216B.243, subd. 3 (10) states that the Commission shall evaluate “whether the applicant or applicants are in compliance with applicable provisions of ... 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need

under this section or for certification as a priority electric transmission project under section 216B.2425 for any transmission facilities or upgrades identified under section 216B.2425, subdivision 7.” In turn, Minnesota Statutes §216B.2425, subd. 7 states:

Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

In the most recent biennial transmission plan (Docket No. E999/M-09-602) the utilities stated “the utilities have determined that with the addition of the CapX 2020 Group 1 projects, the transmission system in the 2016 timeframe should be adequate to meet the 2016 Minnesota RES milestones ... beyond 2016, there is a gap between the RES milestone and the identified renewable generation that will be required, and this gap will likely require additional transmission.”

Regarding next steps the biennial transmission plan states:

After completion of the CapX 2020 Group I projects, the next most likely transmission addition is the Corridor project. This project is an upgrade of the existing 230 kV line between Granite Falls, Minnesota and Shakopee, Minnesota. As discussed above, the Corridor Study recommended that this line be upgraded to double-circuit 345 kV operation. The initial study results described above indicate that the Corridor project will have the ability to add approximately 2000 MW of generation to the system. This transmission addition has the potential to provide enough transmission to meet the 2020 RES milestone.

Regarding a date certain for a CN application for the Corridor project, there is sufficient time to allow events to develop before a date certain would be warranted for the Corridor project. Therefore, the Department concludes that this statutory criterion has been met.

6. *Carbon Dioxide Emissions*

Minnesota Statutes, §216H.03 states that:

. . . on and after August 1, 2009, no person shall: (1) construct within the state a new large energy facility that would contribute to statewide power sector carbon dioxide emissions; . . .

The proposed project is a transmission line and not a generation facility. Therefore, the Department concludes that the proposed project will not contribute to statewide power sector carbon dioxide emissions. In fact, to the extent the proposed project reduces system line losses the proposed project will lower power sector carbon dioxide emissions.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the Applicants' Petition.

/ja

Rules and Statutes Addressed in the Comments

Statute or Rule Citation	Department Comment	Location
<p>7849.0120 CRITERIA. A certificate of need must be granted to the applicant on determining that:</p>		
<p>A. the probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the applicant, to the applicant's customers, or to the people of Minnesota and neighboring states, considering:</p>		
<p>(1) the accuracy of the applicant's forecast of demand for the type of energy that would be supplied by the proposed facility;</p>	<p>The forecast of demand is not relevant in this case; however the forecast used to support the Petition is reasonable.</p>	<p align="center">II.A.1.a</p>
<p>(2) the effects of the applicant's existing or expected conservation programs and state and federal conservation programs;</p>	<p>The required load reductions are too large, in too small an area, and required to be in place too soon for conservation to be a reasonable alternative.</p>	<p align="center">II.B.2</p>
<p>(3) the effects of promotional practices of the applicant that may have given rise to the increase in the energy demand, particularly promotional practices which have occurred since 1974;</p>	<p>The Department is not aware of any promotional practices of the Applicants.</p>	<p align="center">II.E.2</p>
<p>(4) the ability of current facilities and planned facilities not requiring certificates of need to meet the future demand; and</p>	<p>The Department did not pursue a DG and rebuild alternative in further detail.</p>	<p align="center">II.C.1.a</p>

Rules and Statutes Addressed in the Comments (*Continued*)

<p>(5) the effect of the proposed facility, or a suitable modification thereof, in making efficient use of resources;</p>	<p>Addressed in environmental report.</p>	<p align="center">II.D</p>
<p>B. a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence on the record, considering:</p>		
<p>(1) the appropriateness of the size, the type, and the timing of the proposed facility compared to those of reasonable alternatives;</p>	<p>The Applicants' proposed size is reasonable. The Applicants' proposed type is reasonable. The Applicants proposed in-service date of winter of 2012 is reasonable.</p>	<p align="center">II.C.2</p>
<p>(2) the cost of the proposed facility and the cost of energy to be supplied by the proposed facility compared to the costs of reasonable alternatives and the cost of energy that would be supplied by reasonable alternatives;</p>	<p>The Department agrees with the Applicants to the extent that a more reasonable and prudent alternative to the proposed facility has not been demonstrated.</p>	<p align="center">II.C.3</p>
<p>(3) the effects of the proposed facility upon the natural and socioeconomic environments compared to the effects of reasonable alternatives; and</p>	<p>Use of the Commission's externality values is unlikely to alter the cost rankings.</p>	<p align="center">II.C.4</p>
<p>(4) the expected reliability of the proposed facility compared to the expected reliability of reasonable alternatives;</p>	<p>Each of the alternatives would result in equivalent or inferior reliability.</p>	<p align="center">II.C.5</p>

Rules and Statutes Addressed in the Comments (*Continued*)

<p>C. by a preponderance of the evidence on the record, the proposed facility, or a suitable modification of the facility, will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health, considering:</p>		
<p>(1) the relationship of the proposed facility, or a suitable modification thereof, to overall state energy needs;</p>	<p>While the proposed project is not directly related to overall state energy needs, it is necessary to restore reliable service in the local area.</p>	<p align="center">II.A.1.b</p>
<p>(2) the effects of the proposed facility, or a suitable modification thereof, upon the natural and socioeconomic environments compared to the effects of not building the facility;</p>	<p>Addressed in environmental report.</p>	<p align="center">II.D</p>
<p>(3) the effects of the proposed facility, or a suitable modification thereof, in inducing future development; and</p>	<p>Addressed in environmental report.</p>	<p align="center">II.D</p>
<p>(4) the socially beneficial uses of the output of the proposed facility, or a suitable modification thereof, including its uses to protect or enhance environmental quality; and</p>	<p>Addressed in environmental report.</p>	<p align="center">II.D</p>
<p>D. the record does not demonstrate that the design construction, or operation of the proposed facility, or a suitable modification of the facility, will fail to comply with relevant policies, rules, and regulations of other state and federal agencies and local governments.</p>	<p>The record does not demonstrate the Applicants will fail to comply.</p>	<p align="center">II.E.1</p>

Rules and Statutes Addressed in the Comments (*Continued*)

Minnesota Statutes §216B.243, subd. 3 (5) and (9)	The proposed transmission line will provide enhanced reliability in the area where it is being built by restoring service to local loads to acceptable levels.	II.A.2
Minnesota Statutes §§216B.243 subd. 3a & 216B.2422, subd. 4	These renewable preference statutes do not apply.	II.B.1
Minnesota Statutes §216B.2426	The Department's conclusion is that DG is not a reasonable alternative.	II.C6
Minnesota Statutes §216B.1694, subd. 2 (a) (5)	This statute does not apply.	II.C.7
Minnesota Statutes §216B.243 subd. 3 (10) Compliance with §216B.1691	The Commission found Xcel is compliant. The Department concludes that the City has met this statutory criterion.	II.E.3.a
Minnesota Statutes §216B.1612 (c)	Xcel has made significant efforts. The Department did not pursue whether the City has made efforts.	II.E.3.b
Minnesota Statutes §216B.243, subd. 3 (12)	This statute does not apply.	II.E.4
Minnesota Statutes §216B.243, subd. 3 (10) Compliance with §216B.2425, subd. 7	There is sufficient time to allow events to develop before a date certain is warranted.	II.E.5
Minnesota Statutes §§216H.03	The proposed project will not contribute to statewide power sector carbon dioxide emissions.	II.E.6



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September 20, 2011

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/CN-09-1390

Dear Dr. Haar:

Attached are the supplemental comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Application for a Certificate of Need for 115 kV Transmission Line Upgrades to the Glencoe—Waconia 69 kV System.

The Petitioner is:

Teresa M. Mogensen
Vice President, Transmission and Operating Services
Northern States Power Company
414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

The Department continues to recommend **approval**. The Department's team Hwikwon Ham, Christopher Davis and myself is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ STEVE RAKOW
Rates Analyst

SR/ja
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE,
DIVISION OF ENERGY RESOURCES

DOCKET No. E002/CN-09-1390

I. INTRODUCTION

A. NOTICE PLAN

On December 2, 2009 Northern States Power Company, a Minnesota Corporation (Xcel or the Company) submitted the Company's *Application of Northern States Power Company, a Minnesota Corporation, for a Certificate of Need to Upgrade the Glencoe – Waconia Transmission Line to 115 kV: Notice Plan Petition* (Notice Petition). The Notice Petition provided Xcel's proposed notice plan for a set of 115 kV transmission line upgrades near the cities of Glencoe, Waconia, and Norwood Young America, Minnesota.

Comments on the Notice Petition were filed by the Minnesota Department of Commerce, Division of Energy Resources (Department) on December 22, 2009. On December 30, 2009 the Company filed reply comments.

Finally, on January 26, 2010 the Minnesota Public Utilities Commission (Commission) issued an Order that approved the proposed notice plan.

B. COMPLETENESS

On November 30, 2010 Xcel and the City of Glencoe (City) (collectively, Applicants) filed the Applicants' *Application for a Certificate of Need for 115 kV Transmission Line Upgrades to the Glencoe—Waconia 69 kV System* (Petition). The Petition describes the proposed facilities as follows:

- 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 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.
- 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 (Section 6).
- Upgrade approximately 7 miles of existing 69 kV transmission line to 115 kV standards from the Waconia Tap to just short of the Augusta Substation (Section 7).¹

On December 29, 2010 the Department filed comments regarding the completeness of the Petition. On January 11, 2011 the Applicants submitted a supplement which provided the additional data recommended by the Department. Separately on January 11, 2011 the Applicants submitted reply comments on completeness.

On February 1, 2011 the Commission issued its *Order Finding Application Complete and Initiating Informal Review Process* which determined Applicants' Petition was complete.

¹ At page 44 the Petition makes clear the Applicants' original plan to operate Section 7 at 69 kV.

C. REVIEW OF THE PETITION

On April 29, 2011 the Department filed comments recommending that the Commission approve the Petition.

On July 28, 2011 the Department issued its *Environmental Assessment: Glencoe—Waconia Transmission Project*.

On August 22, 2011 the Applicants filed the *Direct Testimony of Srinivas Vemuri* (Vemuri Direct) and *Direct Testimony of Timothy G. Rogers*. The Vemuri Direct proposed certain changes to the facilities as originally proposed in the Petition.

Below the Department responds to the Vemuri Direct.

II. DEPARTMENT ANALYSIS

The Vemuri Direct proposed two changes to the facilities as originally proposed in the Petition. The Vemuri Direct explains the need for the changes as follows:

On March 23, 2011, the City of Chaska submitted public comments in the CN proceeding announcing that United Health Group is developing a new data center in Chaska that is anticipated to have a peak demand of 20 MW... Specifically, this new data center will require upgrading several of the Chaska area 69 kV transmission lines to 115 kV capacity. Our proposed modifications to the Project are necessary to be compatible with these proposed transmission facility upgrades.

Regarding Section 6 the Vemuri Direct states:

Xcel Energy now proposes to fully construct the additional 115 kV circuit, including the insulators and conductors, as part of the initial construction. The timing as to when this 115 kV circuit will be energized is dependent on the timing of the transmission upgrades planned for the City of Chaska.

Since the actual use of the 2nd 115 kV circuit is dependent upon the additional transmission upgrades to be reviewed in Docket No. E002/CN-11-826 and the facilities were already proposed to be double-circuit capable, the Department concludes that the proposed modification is relatively minor. Therefore, the Department recommends that the Commission approve this modification to the facilities of Section 6 as proposed in the Petition.

Regarding Section 7 the Vemuri Direct states:

Xcel Energy is now proposing to have the flexibility to operate Segment 7 at 115 kV, as necessary, as part of this Project. Again, the timing of this change in operating voltage is also dependent on timing of the Chaska area transmission upgrades.

Since the conversion to 115 kV operation is dependent upon the additional transmission upgrades to be reviewed in Docket No. E002/CN-11-826 and the facilities were already proposed to be 115 kV capable, the Department concludes that the proposed modification is relatively minor. Therefore, the Department recommends that the Commission approve this modification to the facilities of Section 7 as proposed in the Petition.

III. RECOMMENDATION

The Department recommends that the Commission approve the Applicants' proposed modifications to Sections 6 and 7.

/ja