BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

Carole L. Schmidt
Supervisor, Transmission Permitting and Compliance
Great River Energy
12300 Elm Creek Blvd.
Maple Grove, MN 55369

SERVICE DATE: April 4, 2011

DOCKET NO. ET-2,E-015/TL-10-1307

Dan McCourtney
Environmental Compliance Specialist II
Minnesota Power
30 West Superior St.
Duluth, MN 55802

In the Matter of the Application for a HVTL Route Permit for the Savanna 115 kV Transmission Line Upgrade

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

Accepted the HVTL Route permit application submitted by Great River Energy and Minnesota Power for the Savanna Transmission Line Rebuild project as complete and authorized 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 based on the available information 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. ET2, E015/TL-10-1307

Meeting Date: March 31, 2011…….……Agenda Item #

Company: Great River Energy and Minnesota Power

Docket No. PUC Docket Number: ET2, E015/TL-10-1307
In the Matter of the Application for a HVTL Route Permit for the Savanna 115 kV Transmission Line 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

GRE and MP's HVTL Route Permit Application……..…February 9, 2011.

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) by calling 651-296-0391 (voice). Persons with hearing or speech disabilities may call us through Minnesota Relay at 1-800-627-3529 or by dialing 711.

Documents Attached.

1. Site map illustrating the project area/location.

(Note: Relevant documents and additional information can be found on eDockets (ET2, E015/TL-10-1307) or the PUC Energy Facilities Permitting website

http://energyfacilities.puc.state.mn.us/Docket.html?Id=31883)

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 EFP 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 February 10, 2011, Great River Energy and Minnesota Power (Applicants) submitted a high voltage transmission line (HVTL) Route Permit application to the Commission for the proposed Savanna Transmission Line Rebuild 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 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 Rules7850.2800, 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 transmission lines proposed for the Savanna Transmission Line Rebuild project are a “large energy facility” because it has a capacity in excess of 100 kV and is more than 10 miles long.

Along with the submittal of the HVTL Route Permit on February 9, 2011, the Applicants also submitted an application to the Commission for a certificate of need (CON) for the 115 kV transmission line rebuild. The docket number for the CON proceedings is ET2, E015/CN-10-973.

Project Description

The Applicants propose that the new lines follow the same alignment (route request is 300 feet wide, 150 feet either side of the existing transmission line centerline) that the existing Great River Energy 69 kV lines presently follow. The proposed plan includes:

- Construct the new Savanna 115 kV Switching Station in Section 32 of Van Buren Township.

- Rebuild approximately seven miles of existing Great River Energy 69 kV transmission line to single circuit 115 kV between Lake Country Power's existing Cedar Valley Substation in Cedar Valley Township and the new Savanna Switching Station.

- Rebuild approximately nine miles of existing Great River Energy 69 kV transmission line to single circuit 115 kV between the new Savanna Switching Station and Lake Country Power's existing Gowan Substation in Floodwood Township.

- Rebuild approximately 21 miles of existing Great River Energy 69 kV transmission line to double circuit 115/69 kV between the Lake Country Power Gowan Substation and Great River Energy's existing Cromwell Substation in Kalevala Township.

- Modify the Lake Country Power Cedar Valley Substation and Great River Energy Cromwell Substation to accommodate the 115 kV transmission lines.

This project will result in a new 115 kV line between the proposed Savanna Switching Station and the Cedar Valley Substation, a new 115 kV line between the Savanna Switching Station and the Cromwell Substation, and an upgraded 69 kV line between the Gowan Substation and the Cromwell Substation.

The transmission lines lie entirely in Minnesota in St. Louis and Carlton counties. Single-pole wood structures with horizontal post insulators will be used for most of the rebuild. Laminated wood poles or steel poles may be required in some locations (angle poles or areas where soil conditions are poor and guying is not practical), and two pole H-Frame structures may used in some areas. Typical pole heights will range from 60-85 feet above ground and the average span would be 350 to 400 feet for single pole structures and 600 to 800 feet for H-Frame structures.

Small sections of the existing line near the two St. Louis River crossings have distribution under-build, which would be attached to the new 115 kV transmission line structures. The average span for these structures would be approximately 250 to 350 feet.

The Applicants propose that the majority of the new lines would follow the alignment of the existing 69 kV lines. A 15-foot offset from the existing pole locations may be required in some areas. The necessary easement width is 50 feet on each side of the transmission centerline; however, in areas where the line follows an existing distribution line or roadway, the easement may overlap with existing easements and/or the road right-of-way. Great River Energy has existing easements for the majority of the 69 kV line and anticipates that only minimal additional property will be required when the line is upgraded to 115 kV. Great River Energy intends to

enter into new easements or amendments of the existing easements with landowners to update the language to reflect typical provisions included in today's easements.

The Project will cost approximately $29 million dollars.

State Regulatory Process and Procedures

The proposed Savanna transmission line rebuild project 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 Savanna transmission line rebuild 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.

A public hearing is required as part of the certificate of need proceedings; the purpose of the hearing is 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 Savanna transmission line rebuild 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 GRE and MP Savanna transmission line rebuild 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 were used to complete the following evaluation:

> **Project Size.** At 37 miles, the Savanna transmission line rebuild project is a moderate length transmission line when compared to the larger of the HVTL applications that come before the Commission.
>
> The Applicants propose that the majority of the new lines would follow the alignment of the existing 69 kV lines. Great River Energy has existing easements for the majority of the 69 kV line and anticipates that only minimal additional property will be required when the line is upgraded to 115 kV.
>
> 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 a transmission line rebuild, with the addition of a new switching station (Savanna) and some modifications to the existing Lake Country Power Cedar Valley Substation and GRE Cronwell Substations

Because the proposed transmission line will utilize an existing ROW, potential impacts will be limited to the existing utility corridor; no new impacts are anticipated.

Known/Anticipated Controversy. EFP staff anticipates only a moderate level of public interest with this project, based on a review of the comments received during GRE and MP's October 26, 2010, "open house" meeting. Approximately nine persons attended that meeting. The attendees focused primarily on the location of the new transmission line and transmission structure design details, impacts to trees, project schedule, and compensation for easements.

No homes will be within the proposed ROW, and no displacement is anticipated. There are three homes within 50 feet either side of the existing transmission line centerline, three homes between 50 and 75 feet either side of the existing transmission line centerline, four homes between 75 and 100 feet either side of the existing transmission line centerline, and 24 homes between 100 and 150 feet either side of the existing transmission line centerline. There is one public gathering place (church) within 50 feet of the existing transmission line centerline.

Aesthetic impacts are expected to be minimal because the proposed project is a rebuild of an existing line; the proposed HVTL will result in minimal perceptible changes to the viewshed, as the proposed structures will be similar to, but somewhat taller (10-30 feet) than, the existing structures along the route.

Sensitive Resources. The environmental setting within the project area includes hydrologic features such as rivers, creeks, ditches, wetlands and riparian areas. A mix of groundcover is present along the proposed routes. The physiographic features (topography, soils, geology and farmland) are typical of this area. Wildlife habitat exists in pockets throughout the project area.

No federal listed species or critical habitats are documented within the proposed route. While present in the area, no State Forest, Wildlife Management Areas or Scientific and Natural Areas are crossed by the proposed HVTL.

Rare and unique natural features include federal and state protected and rare species, remnant areas of native vegetation, significant natural resource sites, and significant natural features. The DNR was contacted by the Applicants requesting information on the possible effects of the proposed Project on rare and unique features in the project area. The DNR indicated that there were no concerns regarding rare features for the Savanna Project. Nine rare and unique resources were identified within two miles of the proposed route; these resources were identified using the DNR Natural Heritage database.

All of the occurrences of rare features except one botanical feature are outside of the proposed route. The route passes just to the west of a DNR Site of Moderate Biodiversity Significance south of Gowan.

The proposed transmission line will cross the St. Louis River in two different locations. In the vicinity of the proposed route, the St. Louis River is defined as a Shoreland Mixed Use zoning district in St. Louis County. The proposed crossing of the St. Louis River is in an existing corridor and complies with the zoning district use restrictions.

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 Great River Energy and Minnesota Power for the Savanna Transmission Line Rebuild 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

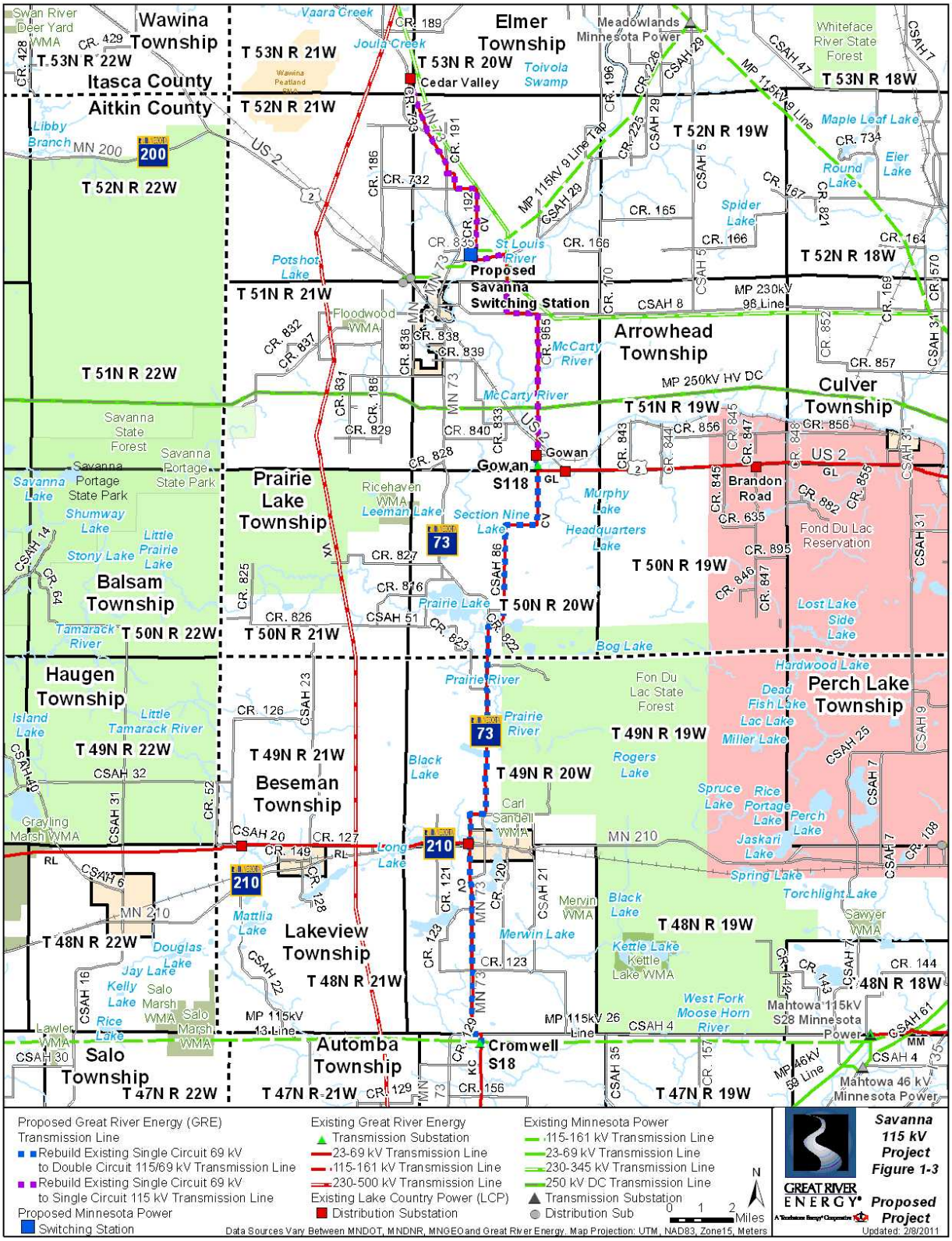
1. Authorize the OES EFP staff to name a public advisor in this case.
2. Appoint a Commission staff person as public advisor.
3. Make another decision deemed more appropriate.

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. Determine that based on the available information an advisory task force is not necessary.
3. Make another decision deemed more appropriate.

EFP Staff Recommendation

Staff recommends Options A1, B1 and C2.


Wawina Township
T 53N R 22W
Itasca County
Aitkin County
T 53N R 21W
Elmer Township
T 53N R 20W
Cedar Valley
T 53N R 18W
T 52N R 21W
T 52N R 19W
T 52N R 22W
T 52N R 18W
T 51N R 21W
Proposed Savanna Switching Station
Arrowhead Township
T 51N R 22W
T 51N R 19W
Culver Township
Gowan
Gowan S118
Prairie Lake Township
Brandon Road
Balsam Township
T 50N R 19W
T 50N R 20W
T 50N R 21W
T 50N R 22W
Haugen Township
T 49N R 22W
T 49N R 21W
Beseman Township
T 49N R 20W
T 49N R 19W
Perch Lake Township
T 48N R 22W
Lakeview Township
T 48N R 21W
T 48N R 19W
T 48N R 18W
Salo Township
T 47N R 22W
Automba Township
T 47N R 21W
Cromwell S18
T 47N R 19W
Mahtowa 115kV S28 Minnesota Power
Mahtowa 46 kV Minnesota Power
Meadowlands Minnesota Power
Proposed Great River Energy (GRE) Transmission Line
Rebuild Existing Single Circuit 69 kV to Double Circuit 115/69 kV Transmission Line
Rebuild Existing Single Circuit 69 kV to Single Circuit 115 kV Transmission Line
Proposed Minnesota Power Switching Station
Existing Great River Energy
Transmission Substation
23-69 kV Transmission Line
115-161 kV Transmission Line
230-500 kV Transmission Line
Existing Lake Country Power (LCP)
Distribution Substation
Existing Minnesota Power
115-161 kV Transmission Line
23-69 kV Transmission Line
230-345 kV Transmission Line
250 kV DC Transmission Line
Transmission Substation
Distribution Sub
Miles
Data Sources Vary Between MNDOT, MNDNR, MNGEO and Great River Energy. Map Projection: UTM, NAD83, Zone15, Meters
Savanna 115 kV Project Figure 1-3
GREAT RIVER ENERGY
Proposed Project
Updated: 2/8/2011