

# **APPENDIX A**

## **Exemption Order**



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

David Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

SERVICE DATE: November 2, 2010

DOCKET NO. ET-2,E-015/CN-10-973

In the Matter of the Application of Great River Energy and Minnesota Power for a Certificate of Need for a 115kV High Voltage Transmission Line in St. Louis and Carlton Counties – Exemption Request

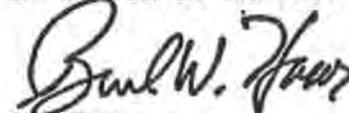
The above entitled matter has been considered by the Commission and the following disposition made:

**Approved the proposed exemptions and proposed provision of alternative data as listed below:**

- **Minnesota Rules 7849.0260, Subp. A(3), and C(6) – Applicants will provide system data;**
- **Minnesota Rules 7849.0270 Subps. 1 and 2 – Applicants will provide data for the affected load area for subps. 1 and 2, aggregate coincident peak demand data for subp.2(B) and 2(C), a description of how MISO spreads wholesale electricity costs among users of the transmission grid, and general estimates of how the cost of the Savanna Project would affect the ratepayers of GRE and MP for subp 2(E);**
- **Minnesota Rules 7849.0280 System Capacity – Applicants will provide data for subps. A and H for the applicable load area; and**
- **Minnesota Rules 7849.0290 – Applicants will provide data on for the applicable load area.**

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



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September 29, 2010

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

RE: **Comments of the Minnesota Department of Commerce**  
Docket No. ET2, E015/CN-10-973

Dear Dr. Haar:

Attached are the comments of the Office of Energy Security (OES) of the Minnesota Department of Commerce in the following matter:

Exemption request regarding the Certificate of Need for the Savanna 115 kV High-Voltage Transmission Line.

The petition was filed on September 8, 2010 by:

David Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

The OES recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

/s/ CHRISTOPHER J. SHAW  
Rates Analyst

CJS/sm  
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE  
MINNESOTA OFFICE OF ENERGY SECURITY

DOCKET No.ET2,E015/CN-10-973

**I. INTRODUCTION**

On September 8, 2010, Minnesota Power (MP) and Great River Energy (GRE) (collectively, “the Applicants”) submitted to the Minnesota Public Utilities Commission (Commission) a *Petition for Exemption from or Confirmation of Certain Filing Requirements* (Exemption Petition) regarding the Certificate of Need (CN) for the Savanna 115 kV High-Voltage Transmission Line. The Applicants intend to file a request to build the Savanna Project in St. Louis and Carlton counties. The proposed Savanna Project would include:

- rebuilding approximately 16 miles of GRE’s existing 69 kV transmission line to single-circuit 115 kV line between Lake Country Power’s existing Cedar Valley Substation in Cedar Valley Township and Lake Country Power’s existing Gowan 69 kV Substation in Floodwood Township;
- constructing the new MP Savanna 115 kV Substation in Van Buren Township. The existing Cedar Valley and Cromwell substations would require minor modifications to accommodate the 115 kV transmission line; and
- rebuilding approximately 21 miles of existing GRE 69 kV transmission line to a double-circuit 115/69 kV line between Lake Country Power’s existing Gowan 69 kV Substation in Floodwood Township and Great River Energy’s Cromwell Substation in Kalevala Township.

The Applicants state that the additional capacity provided by the Savanna Project is needed to provide more reliable service and meet the increasing demand of end-use customers in the Floodwood, Cromwell, Mahtowa, Wrenshall, McGregor and Aitkin areas.

On September 14, 2010 the Commission issued its *Notice of Comment Periods*, establishing September 29, 2010 as the due date for comments and October 8, 2010 for reply comments.

Below are the Comments of the Office of Energy Security (OES) of the Minnesota Department of Commerce on the Exemption Petition.

## II. OES ANALYSIS

In the Exemption Petition, the Applicants requested that the Commission grant certain exemptions from or clarifications to the requirements of the CN rules.

Minnesota Rules 7849.0200 states that an exemption is appropriate if the data requirement is not necessary to determine the need or is obtained via another document:

Before submitting an application, a person is exempted from any data requirement of parts 7849.0010 to 7849.0400 if the person (1) requests an exemption from specified rules, in writing to the commission, and (2) shows that the data requirement is unnecessary to determine the need for the proposed facility or may be satisfied by submitting another document. A request for exemption must be filed at least 45 days before submitting an application. The commission shall respond in writing to a request for exemption within 30 days of receipt and include the reasons for the decision. The commission shall file a statement of exemptions granted and reasons for granting them before beginning the hearing.

In their Exemption Petition the Applicants request exemptions in the following areas:

- Minnesota Rules 7849.0260, Subp. A(3), and C(6); Line Losses;
- Minnesota Rules 7849.0270 Subp. 1, 2; Forecasting;
- Minnesota Rules 7849.0280 System Capacity; and
- Minnesota Rules 7849.0290 Conservation.

The requested exemptions are similar to exemption requests granted by the Commission in the past.<sup>1</sup> The OES presents its analysis of the specific exemptions to Minnesota Rules below.

### *1. MINNESOTA RULES 7849.0260, SUBP. A(3), C(6)*

Minnesota Rules 7849.0260 subp. A(3) requires applicants to file, for proposed transmission lines, “the expected losses under projected maximum loading and under projected average loading in the length of the transmission line and at the terminals or substations.” Minnesota Rules 7849.0260 subp. C(6) requires applicants to file, for proposed transmission lines and alternatives the “efficiency, expressed for a transmission facility as the estimated losses under projected maximum loading and under projected average loading in the length of the transmission line and at the terminals or substations, or expressed for a generating facility as the

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<sup>1</sup> See for example, Docket Nos. ET2,E002/CN-06-1115 and E017, E015/CN-07-1222.

estimated heat rate.” Instead of providing line loss data specific to the individual transmission lines, the Applicants propose to provide line loss data for the system as a whole.

The OES agrees that line losses for the system are more relevant to the analysis than line losses for individual lines. The OES notes that, to make the proper decisions in a societal framework, it is necessary to know what happens to system losses when a line is added. To count only the losses on the line in question might lead to selection of one alternative because it has low losses on that line even if there were high system line losses. Such a choice would force the system to produce more energy than some other alternative. Thus, the proposal to use data for the system as a whole in this proceeding is appropriate.

The OES recommends that the Commission approve the Applicants’ proposed exemption to Minnesota Rules 7849.0260 A(3) and C(6) with the provision of the proposed alternative data.

*2. MINNESOTA RULES 7849.0270 SUBPS.. 1 and 2*

Minnesota Rules 7849.0270, subps. 1 and 2 require extensive forecast and system capacity data from applicants, such as forecasts of demand by customer class. In general, the forecast data is a critical part of the need analysis. However, some of the data required by rule is not used in the analysis of the proposed facility at all or is only meaningful at an aggregate level. For example, since the proposed line is based on a claimed need in the area impacted by the Savanna Project, data supporting this claimed need in the affected areas is more meaningful than data pertaining to the entire systems of the Applicants. Therefore, the OES generally agrees with the Applicants that it is reasonable to customize the data requirements for these rules in this proceeding as discussed below.

Minnesota Rules 7849.0270, subps. 1 and 2 require data regarding an applicant’s entire service area and system. The Applicants request an exemption to providing the system data; instead, the Applicants propose to provide data required by Minn. Rules 7849.0270 for the affected load area. The Applicants state that the peak demand forecast will be based on the historical loading by substation in the affected load area. The OES agrees that submission of data customized to the area of claimed need, in this case data for the affected load area, is reasonable.

Minnesota Rules 7849.0270, subps. 2(B) and 2(C) require data on forecasted consumption and peak demand by customer class. The Applicants request an exemption from these requirements because transmission needs are ultimately based on aggregate customer demand regardless of the consumption of a particular customer class. It is the aggregate demand that the OES uses to evaluate the claimed need. The Applicant’s also state the relevant peak demand is the coincident peak demand for the affected load area rather than the annual peak demand of the Applicants. The OES agrees that providing aggregate data on an annual coincident peak basis for the affected load area is reasonable.

The Applicants also request an exemption from Minnesota Rules 7849.0270, subp. 2(E) and propose to provide alternate information. Minnesota Rules 7849.0270, subp. 2(E) requires “the estimated annual revenue requirement per kilowatt hour for the system in current dollars” for

each forecast year. Since this information is a product of a least-cost alternative analysis, the OES does not need to use this information to analyze the CN application. However, as the OES has noted in previous exemption request comments,<sup>2</sup> this information is useful to show the impact of the project to non-technical audiences. The Applicants propose to provide: 1) a description of how MISO spreads wholesale electricity costs among users of the transmission grid and 2) general estimates of how the cost of the Savanna Project would affect the ratepayers of GRE and MP. The OES agrees that this information would be useful and recommends that the Commission grant the Applicants' request.

Minnesota Rules 7849.0270, subp. 2(F) require average system weekday load factors for each month. The Applicants request an exemption because load factor is not relevant when evaluating the need for a transmission facility. The OES agrees and recommends that the Commission grant the Applicants' request.

3. *MINNESOTA RULES 7849.0280*

Minnesota Rules 7849.0280 require an applicant to submit data regarding its capacity to meet customer demand before and after a proposed facility is built. The Applicants request confirmation that the requirements of Minn. Rules 7849.0280 applied to a transmission facility are satisfied using data for the affected load area. The Commission has noted in the past that much of Minn. Rule 7849.0280 pertains to electric generators.<sup>3</sup> The Applicants request an exemption from the requirements of paragraphs B through G and I as those sections apply to generators and not transmission proposals. Applicants request that the remaining requirements of Minn. Rule 7849.0280, subps. A and H, apply to the applicable load area. The OES recommends that the Commission grant the Applicants' request.

4. *MINNESOTA RULES 7849.0290*

Minnesota Rules 7849.0290 requires information regarding an applicant's existing and anticipated conservation programs and their effect on the forecast provided under 7849.0270. The OES notes that the most relevant conservation information is on existing and anticipated programs in the affected area. The Applicants request confirmation that the information required by Minn. Rule 7849.0290 should be provided only for the applicable load area. The OES recommends that the Applicants file the information requested in Minnesota Rule 7849.0290 for the applicable load area. Such information should include any system-wide conservation programs that could reduce energy use in the applicable area.

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<sup>2</sup> See for example, Docket Nos. ET-2,E002/CN-06-1115 and E017, E015/CN-07-1222.

<sup>3</sup> *Id.*

### **III. RECOMMENDATION**

The OES recommends that the Commission approve the proposed exemptions and proposed provision of alternative data as listed below:

- Minnesota Rules 7849.0260, Subp. A(3), and C(6) – Applicants will provide system data;
- Minnesota Rules 7849.0270 Subps. 1 and 2 – Applicants will provide data for the affected load area for subps. 1 and 2, aggregate coincident peak demand data for subp. 2(B) and 2(C), a description of how MISO spreads wholesale electricity costs among users of the transmission grid, and general estimates of how the cost of the Savanna Project would affect the ratepayers of GRE and MP for subp 2(E);
- Minnesota Rules 7849.0280 System Capacity – Applicants will provide data for subps. A and H for the applicable load area; and
- Minnesota Rules 7849.0290 – Applicants will provide data on for the applicable load area.

/sm



# **APPENDIX B**

## **Notice of Intent to File Under Alternative Permitting Process**





29 December 2010

Dr. Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

**RE: Notice of Intent by Great River Energy and Minnesota Power to Submit a Route Permit Application under the Alternative Permitting Process**

Dear Dr. Haar:

Pursuant to Minn. Rules 7850.2800, subp. 2, this letter serves as notice to the Minnesota Public Utilities Commission (Commission) that Great River Energy and Minnesota Power intend to submit a Route Permit application for the Savanna 115 kV Transmission Project in St. Louis and Carlton counties, Minnesota under the Alternative Permitting processes of Minn. Rules 7850.2800 to 7850.3900.

Great River Energy and Minnesota Power intend to submit a combined Certificate of Need/Route Permit application to the Commission in January 2011. The Commission has assigned Docket No. ET-2, E-015/CN-10-973 to the Certificate of Need proceeding.

Please feel free to call if you have any questions regarding this notice.

Sincerely,

GREAT RIVER ENERGY

Carole L. Schmidt  
Supervisor, Transmission Permitting  
and Compliance  
763-445-5214

MINNESOTA POWER

Daniel McCourtney  
Environmental Compliance Specialist II  
218-355-3515

c: Deborah Pile, OES

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# **APPENDIX C**

## **Order Approving Notice Plan**



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

David Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

SERVICE DATE: January 26, 2011

DOCKET NO. ET-2,E-015/CN-10-973

In the Matter of the Application of Great River Energy and Minnesota Power for a Certificate of Need for a 115 kV High Voltage Transmission Line in St. Louis and Carlton Counties

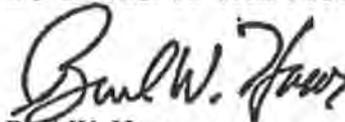
The above entitled matter has been considered by the Commission and the following disposition made:

**Approves the Notice Plan as proposed by the Applicant.**

**Requires a compliance filing with the Commission that confirms that the Notice Plan has been implemented as represented.**

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



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October 20, 2010

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 Department of Commerce**  
Docket No. ET2,E015/CN-10-973

Dear Dr. Haar:

Attached are the comments of the Office of Energy Security (OES) of the Minnesota Department of Commerce in the following matter:

Notice Plan for Certificate of Need for High Voltage Transmission Line Great River Energy and Minnesota Power's Savanna Project.

The Petition for submitted on September 30, 2010 by:

David Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802

The OES recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

/s/ CHRISTOPHER SHAW  
Rates Analyst

CS/jl  
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE  
MINNESOTA OFFICE OF ENERGY SECURITY

DOCKET NO. ET2,E015/CN-10-973

**I. INTRODUCTION**

On September 30, 2010, Minnesota Power (MP) and Great River Energy (GRE) (collectively, the Applicants) submitted to the Minnesota Public Utilities Commission (Commission) a Notice Plan Approval Request for a Certificate of Need for the 115 kV Savanna Project. The proposed Savanna Project includes a new 115 kV substation and a 115 kV transmission line between the existing Cedar Valley Substation and the existing Cromwell Substation. According to the Applicants, the proposed Project is needed to provide more reliable service and meet the increasing demand of end-use customers in the following areas in Minnesota: Floodwood, Cromwell, Mahtowa, Wrenshall, McGregor and Aitkin. Under Minn. Rules 7829.2550, a Notice Plan must be filed with the Commission three months before filing a Certificate of Need Application.

**II. OES ANALYSIS**

**A. TYPES OF NOTICE**

Minn. Rules 7829.2550, subp. 3, requires the following types of notice:

- direct mail notice, based on county tax assessment rolls, to landowners reasonably likely to be affected by the proposed transmission line;
- direct mail notice to all mailing addresses within the area reasonably likely to be affected by the proposed transmission line;
- direct mail notice to tribal governments and to the governments of towns, statutory cities, home rule charter cities, and counties whose jurisdictions are reasonably likely to be affected by the proposed transmission line; and

- newspaper notice to members of the public in areas reasonably likely to be affected by the proposed transmission line.

The corridor for the proposed transmission line and substation is shown on the map the Applicants attached to the petition. Applicants propose to provide direct mail notice to all landowners and mailing addresses where property is located within and/or adjacent to the shaded areas on the maps attached to the petition. Applicants will identify every landowner within 1000 feet of the centerline of the proposed route in unincorporated areas and within 500 feet of the proposed centerline in incorporated areas and within a quarter mile of the affected substations.

Regarding governmental notice, the OES's review of the Applicants' map and the proposed list of tribal, county, township and city governments to receive notice indicates that the tribal, county, township, and city governments located in the proposed corridor are also on the notice list. The OES notes that the city of Gowan appears to be unincorporated and therefore the township of Floodwood is the local unit of government rather than the city.

Regarding newspaper notice, the OES reviewed the Applicants' plans and concludes that the Applicants included several regional and local newspapers in areas reasonably likely to be affected by the proposed transmission line in the notice plan.

In summary, the OES concludes that the Applicants' proposed notice plan meets each of the requirements of Minn. Rules 7829.2550, subp. 3.

#### *B. CONTENT OF NOTICE*

Minn. Rules 7829.2550, subp. 4 requires a proposed notice plan to provide the following information:

- a map showing the end points of the line and existing transmission facilities in the area;
- a description of general right-of-way requirements for a line of the size and voltage proposed and a statement that the applicant intends to acquire property rights for the right-of way that the proposed line will require;
- a notice that the line cannot be constructed unless the Commission certifies that it is needed;
- the Commission's mailing address, telephone number, and Web site;
- if the applicant is a utility subject to chapter 7848, the address of the Web site on which the utility applicant will post or has posted its biennial transmission projects report required under that chapter;

- a statement that the Environmental Quality Board will be preparing an environmental report on each high-voltage transmission line for which certification is requested;<sup>1</sup>
- a brief explanation of how to get on the mailing list for Environmental Quality Board's proceeding; and
- a statement that requests for certification of high-voltage transmission lines are governed by Minnesota law, including specifically chapters 4410 and 7849 and Minnesota Statutes, section 216B.243.

The OES reviewed the attached notice and maps. Based upon that review, the OES concludes that the Applicants' proposal for the notices includes all the data required under Minn. Rules 7829.2550, subp. 4.

### **III. OES RECOMMENDATION**

The OES recommends that the Commission approve the Applicants' proposed Notice Plan.

/jl

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<sup>1</sup> The OES notes that while the statutes have changed regarding routing authority and location of the staff preparing the environmental report, the Commission's rules have not yet been updated to reflect these changes. The environmental report will be prepared by the OES's Energy Facilities Permitting staff.