office of energy security

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March 30, 2011

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
127 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: **Comments and Recommendations of the Office of Energy Security Energy Facility Permitting Staff**
Docket No. E002/TL-10-1026

Dear Dr. Haar:

Attached are the comments and recommendations of the Office of Energy Security Energy Facility Permitting in the following matter:

> Route Permit Application of Xcel Energy for the St. Cloud Loop 115 kV Transmission Line Project in Sauk Rapids, Minnesota.

The site permit application was filed on March 11, 2011, by:

Joseph G. Sedarski
Xcel Energy
414 Nicollet Mall, MP-8
Minneapolis, MN 55401

Energy Facility Permitting staff is available to answer any questions the Commission may have.

Sincerely,

Scott Ek
Energy Facility Permitting

Attachments

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. ET2/TL-10-1026

Meeting Date: April 7, 2011 ..... Agenda Item # 4

Company: Xcel Energy

Docket No: **ET2/TL-10-1026**

In the Matter of the Route Permit Application for the St. Cloud Loop 115 kV Transmission Line Project in Sauk Rapids, Minnesota.

Issue(s): Should the Minnesota Public Utilities Commission accept the application as complete? If accepted, should the Minnesota Public Utilities Commission authorize the Office of Energy Security to appoint a public advisor and an advisory task force?

EFP Staff: Scott E. Ek ..... (651) 296-8813

Relevant Documents

Notice of Intent Letter ..... September 28, 2010
Route Permit Application ..... March 11, 2011

The enclosed materials are work papers of the Office of Energy Security (OES) Energy Facility Permitting (EFP) staff. They are intended for use by the Minnesota 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

Figure 1 – Proposed Project

Note: Relevant documents and additional information can be found on eDockets (Docket Number 10-1026) or the Commission's Energy Facilities Permitting website at: http://energyfacilities.puc.state.mn.us/Docket.html?Id=31941.

Statement of the Issues

Should the Minnesota Public Utilities Commission accept the application as complete? If accepted, should the Minnesota Public Utilities Commission authorize the Office of Energy Security Energy Facility Permitting (EFP) to appoint a public advisor and an advisory task force?

Introduction and Background

On March 11, 2011, Xcel Energy filed a route permit application under the alternative permitting process for a new 115 kV overhead transmission line in Benton County, Minnesota. Xcel Energy would be named as permittee and will construct, own, and operate the proposed 115 kV transmission line.

Project Purpose

Xcel Energy indicates in its route permit application that the proposed project will improve the reliability of service to customers served from the Mayhew Lake Substation in and near the cities of St. Cloud, Sartell and Sauk Rapids, and the surrounding townships. The proposed project will provide a second power source to the Mayhew Lake Substation, thereby eliminating the incidents where the load cannot be served during an outage of Line 5509 between the Granite City and Mayhew Lake substations. Xcel Energy also explains that with the proposed reconfiguration of 115 kV lines around transmission Structure 39 in this project, the loss of any double-circuit transmission lines between the Granite City, Benton County, Mayhew Lake, and St. Cloud substations will not result in dropping the load at Mayhew Lake Substation or the large industrial customer facility (Verso Paper Corporation) served by these lines.

Project Description

The proposed project would be located in the northern part of the city of Sauk Rapids and the townships of Minden and Sauk Rapids in Benton County, Minnesota.

As described in the route permit application, Xcel Energy proposes to construct a new 4.7-mile long 115 kV transmission line. The proposed route is divided into two segments. The first segment (new Line 5520) is approximately 4 miles long and would be constructed between the Mayhew Lake Substation and the Granite City Substation. The second segment (extension of existing Line 5509) is approximately 0.7 miles long and would be constructed between the intersection of Line 5509 with Lines 0887 and 0899 and Structure 39. Figure 1 shows the overall proposed project.

Specifically, Xcel Energy proposes the following for the project:

- constructing approximately 4 miles of new 115 kV transmission line (Line 5520) between the Mayhew Lake Substation and the Granite City Substation;

- removing a 1,700 foot segment of existing single-circuit 115 kV transmission line (Line 5509) between the Granite City Substation and its intersection with Lines 0887 and 0899;

- installing approximately 0.7 miles of new 115 kV transmission line to extend existing Line 5509 from its intersection with Lines 0887 and 0899 to Structure 39, installing either a new single-circuit pole or a new double-circuit structure near Structure 39 and connect Line 5509 from Structure 39 to existing Line 0899, thus creating newly designated Line 5509 connecting the Mayhew Lake Substation to the Benton County Substation;

- removing existing Line 0887 jumper at Structure 39 so that Line 0887 is no longer connected to Benton County Substation, and keeping Line 0887 connection between the St. Cloud and Granite City substations;

- disconnecting the existing Line 0899 at Structure 39 to the Benton County Substation and connecting to removed Line 0887 segment from Structure 39 to Benton County Substation, and designating this revised line from Granite City to Benton County substations as Line 0899;

- installing fiber optic ground wire with the new 115 kV line and the remaining segment of Line 0899; and

- modifying the Benton County, Crossroads, Granite City, Mayhew Lake, and St. Cloud and substations to accommodate the above changes, which include changing and/or adding new line termination equipment and/or a ring bus, adding transfer trip and pilot relaying, installing fiber optic lines for relaying and transfer trip, installing breakers, reconfiguring line protection, replacing shield wire with fiber optic shield wire, and related modifications.

Xcel Energy is requesting a 400 foot route width for the entire length of the proposed route, as follows: 200 feet on each side of the proposed alignment from the Mayhew Lake Substation west to the intersection with U.S. Highway 10; a 400 foot route width left-aligned with the eastern edge of the northbound lanes of U.S. Highway 10; 200 feet on either side of the proposed alignment from U.S. Highway 10 heading east along County Ditch 3 to the Granite City Substation; 200 feet on either side of the proposed alignment for the new segment extending Line 5509 at approximately 14th Avenue NE to Structure 39. A 200 foot route width extending from Xcel Energy-owned property at the Mayhew Lake and Granite City substations is also requested.

The proposed transmission line will require a right-of-way of 75 feet (37.5 feet on either side of centerline). There are areas along the proposed route where the new transmission line would be located at or very near existing electric distribution or transmission easements. In its application, Xcel Energy indicates that the project may be designed to fit within these existing easements, thereby requiring less right-of-way while still satisfying the needs of the project.

Regulatory Process and Procedures

In Minnesota, no person may construct a high-voltage transmission line without a route permit from the Commission (Minnesota Statute 216E.03, subdivision 2). A high-voltage transmission line is defined as a conductor of electric energy designed for and capable of operation at a voltage of 100 kV or more and is greater than 1,500 feet in length (Minnesota Statute 216E.01, subdivision 4). The project as proposed would consist of approximately 4.7 miles of new 115 kV transmission line and would therefore require a route permit from the Commission.

Because the proposed project transmission line capacity is under 200 kV, is less than ten miles in length and does not cross a state border, a certificate of need is not required (Minnesota Statute 216B.2421, subdivision 2).

Route Permit Application and Acceptance

In accordance with Minnesota Rule 7850.2800, subpart 2, applicants are required to provide a 10-day advance notice of intent to the Commission before submitting a route permit application. On September 28, 2010, Xcel Energy filed a letter with the Commission indicating its intent to submit a route permit application for the project under the alternative permitting process.

On March 11, 2011, Xcel Energy filed a route permit application under the alternative permitting process for a new 4.7-mile 115 KV transmission line and associated facilities. The project is eligible for consideration under the alternative permitting process as the transmission line voltage would be between 100 and 200 kilovolts (Minnesota Rule 7850.2800, subpart 2B).

Route permit applications for high-voltage transmission lines reviewed under the alternative permitting process must provide specific information about the proposed project including, but not limited to, applicant information, route description, environmental impacts and mitigation measures as defined in Minnesota Rule 7850.3100. Review under the alternative permitting process does not require the applicant to propose any alternative sites or routes in the permit application. However, if the applicant has rejected alternative sites or routes they must include the rejected routes and reasons for rejecting them in the route permit application (Minnesota Rule 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. The environmental review process begins on the date the Commission determines that a route permit application is complete (Minnesota Rule 7850.3200) and the Commission has six months to reach a final route permit decision from the date an application is accepted (Minnesota Rule 7850.3900).

Public Advisor

Upon acceptance of an application for a 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 member from the EFP staff as the public advisor or assign a Commission staff member.

Advisory Task Force

The Commission has the authority to appoint an advisory task force (ATF) pursuant to Minnesota Statute 216E.08, subdivision 1 and Minnesota Rule 7850.3600. An ATF may include interested local persons, but requires at least one representative from each of the following local governmental units: regional development commissions, counties and municipal corporations, and one town board member from each county in which a route is proposed to be located (Minnesota Statute 216E.08, subdivision 1). An ATF can be charged with identifying additional routes or specific impacts that could be included in the scoping decision document and evaluated in the environmental assessment. The ATF terminates upon completion of its charge, upon designation by the director of the OES of alternative sites or routes to be included in the environmental assessment, or upon the specific date identified by the Commission in the charge, whichever occurs first.

The Commission is not required to assign an ATF for every project. If the Commission does not name an ATF, the rules allow members of the public to request appointment of an ATF (Minnesota Rule 7850.3600). The Commission would then need to determine if an ATF should be appointed or not.

Environmental Review

An application for a high-voltage transmission line route permit is subject to environmental review conducted by EFP staff. The staff will provide notice and conduct a public information and environmental assessment scoping meeting to solicit public comments on the scope of the environmental assessment. The director of the OES may include a suggested alternative site or route in the scope of the environmental assessment only if the director determines that evaluation of the proposed site or route will assist in the Commission's ultimate decision on the route permit. Any person may also suggest specific human or environmental impacts that should be included in the environmental assessment. The environmental assessment will be completed and made available prior to the public hearing (Minnesota Rule 7850.3700).

Public Hearing

Applications for high-voltage transmission line route permits under the alternative permitting process require a public hearing upon completion of the environmental assessment. The hearing is held in the area where the proposed project would be located and is conducted in accordance with Minnesota Rule 7850.3800.

Staff Analysis and Comments

EFP staff conducted a completeness review of the route permit application. Staff concludes that Xcel Energy has met the procedural requirement of Minnesota Rule 7850.2800, subpart 2, by providing the Commission written notice of its intent to submit a route permit application under the alternative permitting process at least 10 days prior to submitting the application. Staff also concludes that the proposed project is eligible for the alternative permitting process and that the application meets the content requirements of Minnesota Rule 7850.3100. The Commission's acceptance of the application will allow EFP staff to commence and conduct the public participation and environmental review processes. The applicant has indicated that any additional information deemed necessary for processing the application can and will be provided in a prompt manner.

Advisory Task Force

In analyzing the merits of establishing an ATF for the project, staff considered four characteristics: project size, complexity, known or anticipated controversy, and sensitive resources.

> **Project Size.** At approximately 4.7 miles, the project is fairly short when compared to the larger of the high-voltage route permit applications that come before the Commission. The requested route width for the entirety of the project is 200 feet on each side of the route centerline (400 foot total route width) with a 75 foot required right-of-way.

Complexity. The proposed route is simple and straight forward. Approximately 83 percent of the proposed route is located within or immediately adjacent to existing utility, road, and highway rights-of-way, as indicated in the route permit application.

Known or Anticipated Controversy. EFP staff anticipates a low to moderate level of public interest with this project, based on a review of the comments received during Xcel Energy's July 16, 2010, public open house meeting. General public interest and comments focused on topics common to other high-voltage transmission line projects such as potential health concerns, future land use, property values and visual impacts.

The route permit application indicates that there are five residential dwellings and 11 non-residential/commercial businesses located within 200 feet of the proposed route. Xcel Energy indicates that the proposed project is not anticipated to require displacement of any structures.

The Benton County Board and the city of Sauk Rapids approved separate, but similar, resolutions that were adopted by Xcel Energy and are part of the proposed route. It appears at this time that both Benton County and the city of Sauk Rapids concerns regarding the proposed route have been addressed by Xcel Energy.

Xcel Energy has provided documentation of the comments it received from government agency consultation and the public/landowners in Appendix C and D of the route permit application, respectively.

Sensitive Resources. As indicated in the route permit application, approximately 83 percent of the proposed route is located within or immediately adjacent to existing utility, road, and highway rights-of-way. In addition, the majority of the route would cross land zoned primarily for highway, agriculture, commercial, or development purposes.

The Minnesota Department of Natural Resources (DNR) was contacted by Xcel Energy requesting information on the possible effects of the proposed project on rare and unique features in the project area. The DNR Natural Heritage Information System identified four rare and unique species, one animal assemblage, and one terrestrial community within one mile of the proposed route. While present in the project area, none of the identified species are located within the proposed route with the exception of a Site of Moderate Biodiversity containing a Prairie Rich Fen native plant community. A small portion of the requested route does overlap the western boundary of the Moderate Biodiversity Site, however the anticipated alignment and right-of-way for the transmission line is adjacent to U.S. Highway 10 and would therefore not physically encroach upon the MCBS site. Xcel Energy has indicated they have already been working with the DNR to avoid impacts to this resource.

There are no known critical habitats, wildlife management areas, state forests, scientific natural areas crossed by the proposed transmission line route. The proposed route would also not cross DNR regulated waters.

A Phase Ia background research literature review was conducted for the proposed project. Information collected from the Minnesota State Historic Preservation Office revealed that no archaeological site or inventoried historic structures are recorded within the immediate project area.

Based on the analysis above, staff concludes that an advisory task force is not warranted in this case. Staff believes that the alternative permitting process will provide adequate opportunities for the public to identify issues and route alternatives to be addressed in the environmental assessment. Staff can assist local landowners and governmental units in understanding the siting and routing process and identifying opportunities for participating in further development of alternative routes and/or permit conditions.

Commission Decision Options

A. Application Acceptance

1. Accept the Xcel Energy route permit application for the St. Cloud Loop 115 kV transmission line project as complete, and authorize the EFP staff to process the application under the alternative permitting process pursuant to Minnesota Rules 7850.2800 to 7850.3900.
2. Reject the 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 route permit application complete upon the submission of supplementary information.
4. Make another decision deemed more appropriate.

B. Public Advisor

1. Authorize 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 EFP staff to establish an advisory task force and develop a proposed structure and charge for the task force.
2. Determine that based on the available information an advisory task force is not necessary at this time.
3. Make another decision deemed more appropriate.

EFP Staff Recommendation: Options A1, B1, and C2.

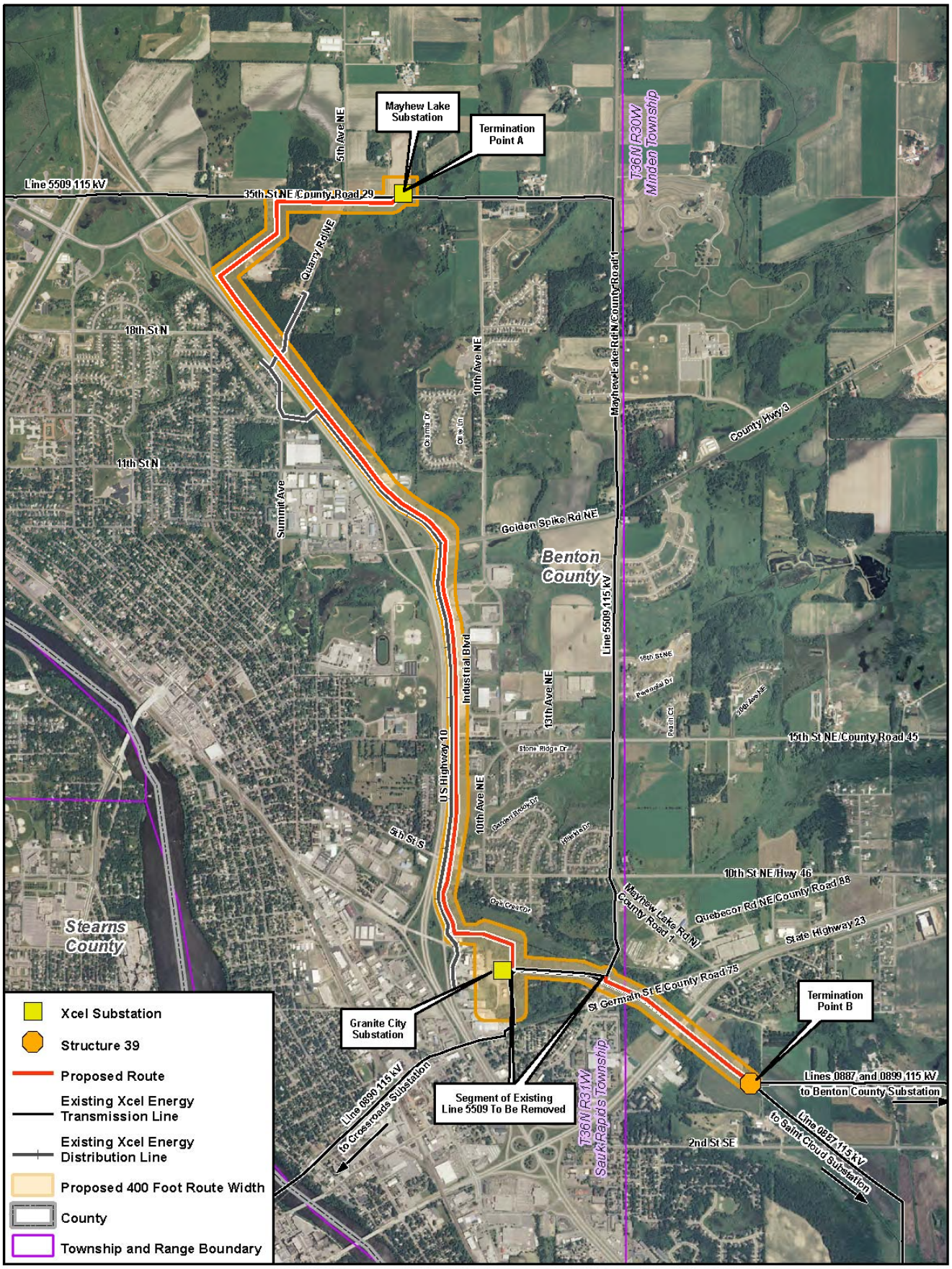

Figure 1
Proposed Project