Energy Facility Permitting
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
ph 651.296.4026 | fx 651.297.7891
www.energyfacilities.puc.state.mn.us

October 12, 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 Department of Commerce Energy Facility Permitting Staff**
Docket No. E002/TL-11-800

Dear Dr. Haar:

Attached please find the comments and recommendations of the Department of Commerce Energy Facility Permitting in the following matter:

Route Permit Application for the North Rochester to Chester 161 kV Transmission Line Project in the Goodhue, Olmsted, and Wabasha Counties.

The route permit application was filed on September 19, 2011, by:

Tom Hillstrom
Xcel Energy
414 Nicollet Mall, MP-8A
Minneapolis, MN 55401

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

Sincerely,

Matthew A. Langan
Energy Facility Permitting

Attachments

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS AND RECOMMENDATIONS OF THE
DEPARTMENT OF COMMERCE
ENERGY FACILITY PERMITTING STAFF

DOCKET NO. E002/TL-11-800

Meeting Date: October 20, 2011 ..... Agenda Item # 4

Company: Xcel Energy

Docket No: **E002/TL-11-800**

In the Matter of the Route Permit Application for the North Rochester to Chester 161 kV Transmission Line Project in the Goodhue, Olmsted, and Wabasha Counties.

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

EFP Staff: Matthew A. Langan ..... (651) 296-2096

Relevant Documents

Notice of Intent Letter ..... July 26, 2011
Route Permit Application ..... September 19, 2011

The enclosed materials are work papers of the Department of Commerce 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 11-800) or the Commission's Energy Facilities Permitting website at: http://energyfacilities.puc.state.mn.us/Docket.html?Id=32260.

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 Department of Commerce to appoint a public advisor and an advisory task force?

Introduction and Background

On September 19, 2011, Xcel Energy (applicant) filed a route permit application under the alternative permitting process for the construction of 29 to 30 miles of 161 kV transmission line between the proposed North Rochester Substation, located between Pine Island and Zumbrota, Minn., in Goodhue County, and the existing Chester Substation, east of Rochester, Minn., in Olmsted County. The project would also include modifications to the Chester Substation. Xcel Energy has submitted this application on behalf of itself and other anticipated co-owners of the project, including Dairyland Power Cooperative, Rochester Public Utilities, Southern Minnesota Municipal Power Agency, and WPPI Energy.

Project Purpose

The Minnesota Public Utilities Commission (Commission) issued an Order on May 22, 2009, granting a Certificate of Need (CON) for the North Rochester-Chester 161kV project, as one of three components of the Hampton-Rochester-La Crosse 345 kV transmission line project. The other two components granted in the CON (CN-06-115) are the Hampton-Rochester-La Crosse 345kV transmission line and the North Rochester-Northern Hills 161kV transmission line, which were filed in a separate route permit application (TL-09-1448) on January 19, 2010. The CON stated this project was needed to improve regional reliability of the transmission system, to improve community reliability of the transmission system in specified communities, and to increase generator outlet.

Project Description

The proposed 161 kV transmission line project would be located along a 29- to 30-mile route in Goodhue, Wabasha, and Olmsted counties. The route would originate at the proposed North Rochester Substation between Pine Island and Zumbrota, Minn., in Goodhue County, and terminate at the existing Chester Substation, east of Rochester, Minn., in Olmsted County. The project consists of two segments: 1) An East-West segment, in which the applicant proposes to place the Chester 161kV line on the same poles as the Hampton-Rochester-La Crosse 345kV line for a distance of 13 to 19 miles; and 2) A North-South segment that leaves the 345kV

transmission right-of-way east of the Zumbro River and travels south for 11 to 16 miles to the Chester Substation. The North-South segment would consist of portions of single-circuit 161 kV line and portions of double-circuited 161/69 kV transmission line.

The applicants are requesting a 600-foot route width for the North-South segment. The typical right-of-way for a 161 kV line is 80 feet, the typical span between poles is 400 to 700 feet, and poles range in height from 70 to 120 feet. For the east-west segment, the applicants are requesting the same route width (1000 feet) described in the route permit application for the Hampton-Rochester-La Crosse 345kV project. The 345kV poles range from 130 to 175 feet in height, with spans of 600 to 1000 feet between the poles. The typical right-of-way for 345kV lines is 150 feet.

Modifications to the Chester Substation will consist of addition of a 161 kV circuit-breaker, switches, line termination and expanded box structure, electrical bus and associated equipment. The substation yard would be expanded by approximately one acre to accommodate the added equipment.

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 29 to 30 miles of new 161 kV transmission line and would, therefore, require a route permit from the Commission.

Because the proposed transmission line is greater than 10 miles in length, a certificate of need is required (Minnesota Statute 216B.2421, subdivision 2). On May 22, 2009, the Commission issued an Order granting a CN for the CapX2020 Phase I project, which includes the transmission line in this route permit application.

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 July 26, 2011, the applicants filed a letter with the Commission indicating their intent to submit a route permit application for the project under the alternative permitting process.

On September 19, 2011, the applicants filed a route permit application under the alternative permitting process. 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 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 Department of Commerce EFP 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 must include 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 Department of Commerce 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 Department of Commerce may include a suggested alternative route in the scope of the environmental assessment only if it is determined that evaluation of the proposed 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 addressed 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 the applicants have met the procedural requirement of Minnesota Rule 7850.2800, subpart 2, by providing the Commission written notice of their 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 applicants have 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 29 to 30 miles in length, and at 161 kV, the proposed line is relatively moderate in length and capacity. The requested 600-foot route width for the project is relatively moderate when compared to other similar projects. A 161 kV transmission line typically requires an 80-foot right-of-way.
>
> **Complexity.** The proposed route is relatively simple and straight forward. The majority of the proposed route parallels road or utility rights-of-way and/or property lines. Along the 15- to 19-mile East-West segment, an existing transmission right-of-way would be followed for the entire length. For the North-South segment, the majority of the route

would follow existing road rights-of-way, existing transmission right-of-way, or property lines. No residential or business displacements would result from the proposed project.

Known or Anticipated Controversy. EFP staff anticipates a moderate level of public interest with this project, based on a review of the information contained in the application and conversations with the Applicants.

Sensitive Resources. The applicant anticipates the project will avoid impacts to state and federal rare/endangered species and historic and cultural resources near the proposed route. The proposed route for the North-South segment will not directly affect any public-owned recreation areas. The area near the Zumbro River crossing includes public recreation opportunities and sensitive resources. However, this area has been extensively studied as part of the Hampton-Rochester-La Crosse 345kV project route permit application and Environmental Impact Statement, and the route of the Chester 161kV line is proposed to follow the route designated by the Commission for the Hampton-Rochester-La Crosse 345kV line and be on the same poles as that line in this area. There are no issues that represent unusual circumstances to be addressed in an application review process or would not otherwise be addressed in the environmental review process. No other sensitive resources have been identified at this time.

Based on the analysis above, staff concludes that an advisory task force is not warranted in this case. The permitting process should provide adequate opportunities for the public to identify issues and route alternatives to be addressed in the environmental assessment. Staff can also assist local landowners and governmental units in understanding the siting and routing process and identifying opportunities for participating in further development of alternative routes or permit conditions. Therefore, the staff recommendation is to take no action on a task force at time.

Commission Decision Options

A. Application Acceptance

1. Accept the Xcel Energy route permit application for the North Rochester to Chester 161 kV transmission line project as complete, and authorize 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.

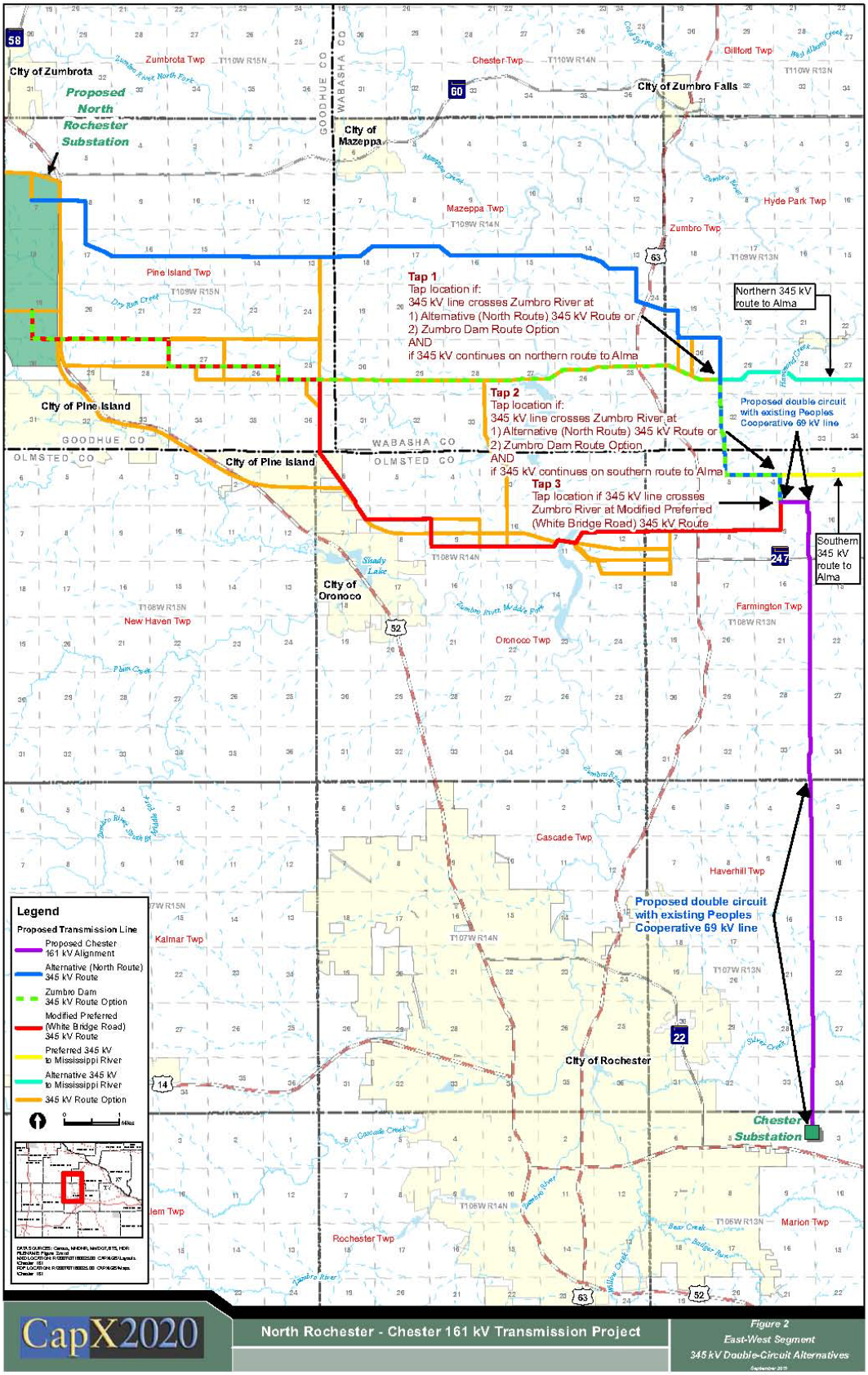
B. Public Advisor

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 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 at this time.
3. Make another decision deemed more appropriate.

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


City of Zumbrota
Proposed North Rochester Substation
Zumbrota Twp
Chester Twp
Gillford Twp
City of Zumbro Falls
City of Mazeppa
Mazeppa Twp
Hyde Park Twp
Zumbro Twp
Pine Island Twp
Tap 1
Tap location if:
345 kV line crosses Zumbro River at
1) Alternative (North Route) 345 kV Route or
2) Zumbro Dam Route Option
AND
if 345 kV continues on northern route to Alma
Northern 345 kV route to Alma
Tap 2
Tap location if:
345 kV line crosses Zumbro River at
1) Alternative (North Route) 345 kV Route or
2) Zumbro Dam Route Option
AND
if 345 kV continues on southern route to Alma
Proposed double circuit with existing Peoples Cooperative 69 kV line
City of Pine Island
GOODHUE CO
WABASHA CO
OLMSTED CO
Tap 3
Tap location if 345 kV line crosses Zumbro River at Modified Preferred (White Bridge Road) 345 kV Route
Southern 345 kV route to Alma
City of Oronoco
New Haven Twp
Oronoco Twp
Farmington Twp
Cascade Twp
Haverhill Twp
Proposed double circuit with existing Peoples Cooperative 69 kV line
Kalmar Twp
City of Rochester
Chester Substation
Rochester Twp
Marion Twp
Legend
Proposed Transmission Line
Proposed Chester 161 kV Alignment
Alternative (North Route) 345 kV Route
Zumbro Dam 345 kV Route Option
Modified Preferred (White Bridge Road) 345 kV Route
Preferred 345 kV to Mississippi River
Alternative 345 kV to Mississippi River
345 kV Route Option
CapX2020
North Rochester - Chester 161 kV Transmission Project
Figure 2
East-West Segment
345 kV Double-Circuit Alternatives