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November 19, 2011

TO: William Grant, Deputy Commissioner
Division of Energy Resources
THROUGH: Deborah Pile, Manager
FROM: William Cole Storm, Staff
EFP (Tel: 651-296-9535)
RE: Staff Recommendation on the Scoping Decision
Xcel Energy SWTC Chaska Area HVTL Project
PUC Docket Number: E002/CN-11-826
PUC Docket Number: E002/TL-12-401

ACTION REQUIRED: Signature of the Deputy Commissioner on the attached Order, “Environmental Assessment Scoping Decision.” Once signed, the Department of Commerce (DOC) Energy Facility Permitting (EFP) staff will mail the notice of the order to interested parties.

BACKGROUND

On May 15, 2012, Northern States Power Company (Xcel) and Great River Energy (GRE) submitted an Application¹ to the Commission for a Certificate of Need (CN) for the proposed transmission line upgrade of the Chaska Area 69 kV system to 115 kV. The docket number for the CN proceedings is E002/CN-11-826.

The Commission released an Order on August 21, 2012, finding the CN application to be complete.

On July 10, 2012, Xcel and GRE (Applicants) submitted a high voltage transmission line (HVTL) Route Permit Application² under the alternative permitting process to the Commission for the proposed transmission line upgrade of the SWTC Chaska Area 69 kV transmission system to 115 kV. The docket number for the HVTL Route Permit proceedings is E002/TL-12-401.

The Commission released an Order on September 11, 2012, finding the route permit application to be complete and initiating the alternative review process.

There was no Advisory Task Force established for this routing docket.

In the Commission’s Order accepting Xcel Energy’s HVTL Route Permit as complete, the Commission requested that the EFP present, to the Commission, the alternative routes that were put forth through the scoping process.

¹ Certificate of Need Application, eDockets Document ID 20125-74730-01

² Route Permit Application (RPA), eDockets Document ID 20124-73545-01

Project Location

The project is located in eastern Carver County and northern Scott County near and within the city of Chaska, and through Laketown, Dahlgren, and Jackson townships. The western end of the project area is located in Dahlgren Township, Carver County, west of Aue Lake at existing structure #142. The project extends north along the existing Great River Energy MV-VTT line through Laketown Township, and east through the city of Chaska. The project route continues across the Minnesota River into Jackson Township in Scott County to the eastern terminus of the project at the Scott County Substation.³ (See the attached General Vicinity Map.)

Project Description

The proposed project covers a total of approximately 12.75 miles, contains six segments, and primarily follows existing transmission line rights-of-way (ROW). The Applicants propose to:

- Upgrade approximately 6.1 miles of existing single circuit 69 kilovolt (kV) transmission line (Line #0740) to a single circuit 115 kV transmission line (**Segments 1, 4, & 6**);
- Change the operating voltage of approximately 2.9 miles of existing Great River Energy 69 kV transmission line to operate at 115 kV (**Segment 2**);
- Construct two segments of new 115 kV single circuit transmission line totaling approximately 2.4 miles (**Segments 3 & 5**);
- Abandon in place (de-energized under normal conditions) approximately 1.0 mile of existing 69 kV transmission line (**Segment 3a**); and
- Remove approximately 0.39 miles of existing 69 kV transmission line through the middle of the city of Chaska (**Segment 5a**).
- Modify five substations (Scott County, Chaska, West Creek, Victoria and Augusta Substations).

State Regulatory Process — Scoping

Applications for high voltage transmission line route permits under the alternative permitting process are subject to environmental review, which is conducted by Department of Commerce (Department) Energy Facility Permit (EFP) staff under Minn. Rule 7850.3700.

The EFP staff is responsible for evaluating the HVTL route permit application and administering the environmental review process. The Commission is responsible for selecting the transmission lines routes and issuing the HVTL route permit.

Environmental review under the alternative permitting process includes public information/scoping meetings and the preparation of an environmental review document, the Environmental Assessment (EA) (Minn. R. 7850.3700). The environmental assessment is a written document that describes the human and environmental impacts of the transmission line project (and selected alternative routes) and methods to mitigate such impacts.

EFP staff has concluded that combining the Environmental Report (environmental review document required under the CN rules) and EA into a single environmental review document is reasonable in this case (Minn. Rule

³ RPA at 11

7849.1900 subp.1). The Route Permit Application was filed prior to the completion of the Environmental Report (ER) and prior to initiation of the scoping process for the ER. Thus, preparing an EA in lieu of the ER will achieve process efficiencies without delaying the environmental review. This decision also enables staff to solicit comments pertinent to the scoping of both the Environmental Report (CN process) and the Environmental Assessment (Route Permit process) in a single public process. EFP has developed one scoping document and will prepare a single environmental document (i.e., EA) for both processes.

The EA must be completed and made available prior to the public hearing.

The purpose of the scoping process is to provide the public with an opportunity to participate in the development of the scope of the EA by holding a public meeting and comment period, through which public comment is solicited.

Once the comment period on the scope of the environmental review document expires, the applicants are given an opportunity, per Minnesota Rule 7850.3700, subpart 2, item B, to respond to each request that an alternative be included in the environmental assessment.

Commission's Consideration of Alternatives

Under Minn. Rules, part 7850.3700, subp. 3, the scope of the environmental assessment must be determined by the Department within 10 days after close of the public comment period (October 12, 2012, in this case).

However, Minn. Stat. § 216E.04, subd. 5, anticipates Commission input into the identification of routes, in addition to the applicant's proposed route, for inclusion in the environmental review of a project. Since the rules' 10-day timeline for determining the scope of the environmental assessment after the close of the public comment period constrains the Commission's ability to provide input, the Commission varied the 10-day timeline. The Commission extended the 10-day timeline to 40 days (which would be November 21, 2012), subject to the Executive Secretary's authority to seek additional time from the Commission

On October 31, 2012, EFP staff submitted its comments and recommendations outlying the scoping process and suggested alternatives received during that process to the Commission.⁴

Scoping Process Summary

On September 7, 2011, the Department of Commerce (Department) Energy Facility Permit (EFP) staff sent notice of the place, date and times of the Initial Public Information and Scoping meeting to those persons on the General List maintained by the Department, the agency technical representatives list and the project contact list.⁵

Additionally, mailed notices were sent to those persons on Xcel Energy's property owners list and to the local units of government. Notice of the public meeting was also published in the local newspapers.

On Wednesday, September 26, 2012, the EFP held two public information/scoping meetings at the Chaska City Hall in Chaska. The meetings included two sessions, one starting at 2:00 pm and another starting at 6:00 pm.

⁴ EFP Comments and Recommendations, Routes Alternatives, eDocket Document ID 201210-80165-01

⁵ Notice of Public Information/Scoping Meeting, eDocket No. 20129-78455-01

The purpose of the meeting was to provide information to the public about the proposed project, to answer questions, and to allow the public an opportunity to suggest alternatives and impacts (i.e., scope) that should be considered during preparation of the environmental review document.

Approximately 10 people attended the public information and scoping meetings; 5 individuals took the opportunity to speak on the record. A court reporter was present to document oral statements.⁶

A variety of questions were asked and answered during the oral discussion. Topics included: specifics on which lines and poles will be removed, and design/construction of any new poles; specifics on the proposed alignment; the concepts of route width and right-of-way/easement width; sources of power generation for this project; health and safety issues; property values; compensation for easements; and flexibility in siting the final alignment.

Written comments were due no later than Friday, October 12, 2012.⁷

Three written comments were received: two from state agencies (Department of Natural Resources and Department of Transportation) and one from a local resident (Mr. Gene Ernst).⁸

The Department of Natural Resources in its comment letter discussed the use of swan flight diverters and wildlife friendly erosion control mats; issues associated with vegetation management, the crossing of public land and water; and made a request to receive the GIS Shapefiles for the project.

The Department of Transportation (MnDOT) in its letter discussed the various permits that the project may require, referenced MnDOT's Utility Accommodation Policy as a useful guide, and expressed the desire that the environmental review document adequately address the potential impacts associated with construction of the Chaska Area HVTL project and the US 169 Interregional Corridor Management Plan.

These items and issues, along with the typical HVTL routing impacts, were incorporated into the EFP staff's recommendation to the Department Commissioner on the Environmental Assessment Scoping Decision.

The process for individuals to request that specific alternative routes, alternative route segments, and/or alignment modifications be included in the scope of the environmental review document was discussed at the public meeting. One such request (Mr. Gene Ernst letter) was submitted during the comment period.

Proposed Alternatives

In his written comments and supporting material, Mr. Gene Ernst put forth one alternative route segment and two alignment modifications for evaluation in the environmental review document. Mr. Ernst's suggested alterations are to Segment 4 of Xcel Energy's proposed rebuild project.

Mr. Ernst concern is the impact that the rebuilt transmission line would have on his historic building (the Andrew Riedele House) located at 3250 Chaska Boulevard (north side of road) and potential loss of trees on that property.

⁶ Oral and Written Comments Received During Scoping, eDocket No. 201210-79620-01

⁷ Oral and Written Comments Received During Scoping, eDocket No. 201210-79620-01

⁸ Oral and Written Comments Received During Scoping, eDocket No. 201210-79620-01

The Ernst Alternative Route Segment departs from the existing 69 kV line (and Xcel Energy's proposed route) at the intersection of Creek Road and Chaska Boulevard. The existing 69 kV line (and Xcel Energy's proposed route) turns east at this intersection and runs along the north side of Chaska Boulevard, crossing to the south side of Chaska Boulevard at North Walnut Street, just prior to entering the existing Chaska Substation.

The Ernst Alternative Route Segment continues south through the intersection of Creek Road and Chaska Boulevard for approximately 700 feet to intersect with the "abandoned" Union Pacific Railroad right-of-way (ROW), at this point the route turns east and follows the railroad ROW for approximately 2,100 feet to the existing Chaska Substation.

The Ernst Alignment Modification-1 moves the alignment of the new 115 kV line to the south side of Chaska Boulevard between Creek Road and a point approximately 100 feet west of North Chestnut Street, where the alignment would cross back to the north side of Chaska Boulevard to rejoin Xcel Energy's proposed alignment.

The Ernst Alignment Modification-2 maintains the transmission line in its current alignment, but would relocate the structure which is currently in front of the Andrew Riedele House approximately 80 feet to the west.

Applicant Comments

On October 23, 2012, Xcel Energy filed its response to the comments received during the scoping period.⁹

In its response comments, Xcel Energy acknowledges that the applicants' will work with DNR and MnDOT, and will provide the EFP staff with the information it requires to adequately address these agencies' concerns in the environmental review document.

Xcel Energy performed a preliminary analysis of the three alternatives proposed by Mr. Ernst; Xcel stated in its review that while these alternatives were technically feasible, it did not believe the Ernst alternatives were reasonable or prudent. Xcel Energy's rationale for this belief was that these alternatives may create additional or new impacts (i.e., additional transmission ROW, affect new property owners, result in additional loss of vegetation) and complications (i.e., distribution under-built along Chaska Boulevard, acquisition of new easements, and possible higher project costs) beyond those associated with the proposed rebuild in the existing 69 kV ROW.

Additionally, Xcel Energy believes that there may be engineering/landscaping design options (i.e., cantilever conductors or selection of alternative tree species) that would mitigate Mr. Ernst's concerns.

Commission's Decision in Consideration of Alternatives

On November 19, 2012, the Commission at its regularly scheduled meeting considered what action, if any, the Commission should take in regards to the alternatives put forth during the scoping process; the Commission elected to take no action in this matter.

EFP Staff Analysis and Comments

In analyzing which, if any, of the alternative routes, alternative route segments, or alignment modifications, proposed during the scoping process should be carried forward for evaluation in the environmental review

⁹ Xcel Energy response to scoping comments, eDocket No. 201210-79828-01

document for a project, EFP staff considered five criteria: 1) were alternatives submitted within the EA scoping period; 2) does the request contain the information required in Minn. Rule 7850.3700, Subpart 2, Item B; 3) are the proposed alternatives outside of any prohibited areas listed in Minn. Rule 7850.4300; 4) does the proposal meet the applicant's stated need; and 5) is the proposal feasible.

Criteria 1 through 3 are procedural requirements of rule which must be met for alternatives to be considered; items 4 and 5 addresses whether the alternative would assist the Commission in making its final determination (Minn. Rule 7850.3700, Subpart 2, Item B).

The Ernst proposals satisfy the three procedural requirements.

The fourth criterion, need, is fairly straight forward as applied to a HVTL routing docket; the proposed alternative must meet the Applicant's stated need.

The need for the proposed project was identified in the *Southwest Twin Cities Load Serving Study Review (Highway 212 Corridor 115 kV Conversion)* dated August 8, 2011 prepared by Xcel Energy Services Inc. The study was conducted to address the growing demand for electric power in the southwest Twin Cities area due, in part, to the proposed construction of a new 190,000 square-foot data center¹⁰ in Chaska, Minnesota, that will add 20 megawatts of additional load to the area when it is fully operational.

According to the Applicants, without the proposed transmission upgrades found in the Scott County-Westgate 115 kV Transmission Line Rebuild Project, overloading and low voltage conditions will worsen as the area experiences continued growth and development.¹¹

The last criterion, feasibility, does contain a bit more depth in that it integrates the concepts of cost, engineering design, and system reliability. The alternative must meet certain technological requirements (codes and standards), must achieve and maintain a consistent power delivery (i.e., reliability), and must provide for an efficient use of resources (i.e., cost).

The issuance of a HVTL Route Permit that incorporated any one of the three Ernst modifications proposed would not violate the route prohibitions established in Minnesota Rules, and a cursory review of the proposed alternatives does not indicate any "fatal flaws" (costs, engineering design or system reliability); additionally, each alternative would meet Xcel Energy's stated need.

At this stage in the HVTL Route Permit application review process, *scoping of the environmental review document*, the key factors in determining which alternatives should be carried forward for evaluation in the Environmental Assessment are feasibility and whether the alternative can meet the stated need.

The purpose of the EA is to describe the human and environmental impacts of a proposed project (and selected alternative routes) and methods to mitigate such impacts, along with a description of those impacts which may be unavoidable. The EA is to be completed and made available to the public prior to the public hearing, where the facts as described in the EA are open for review.

¹⁰ UnitedHealth plans 2nd Twin Cities data center, Minneapolis | St. Paul Business Journal, <http://www.bizjournals.com/twincities/stories/2010/03/22/story1.html?page=all> (March 21, 2010).

¹¹ RPA at 13

EFP staff believes that it is premature to attempt to evaluate the merits of a given alternative route, beyond feasibility and need, at this early stage; the merits should not be determined until the record is fully developed.

Therefore, the EFP staff has determined that Mr. Ernst request is reasonable and is recommending to the Commissioner of the Department that the Ernst Alternative Route Segment and alignment modifications be carried forward into the scope of the Environmental Assessment.

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**In the Matter of Xcel/GRE's Application
for a CN and a HVTL Route Permit for
the proposed SWTC Chaska HVTL
Project.**

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION
PUC Docket No. E002/CN-11-826
PUC Docket No. E002/TL-12-401**

The above matter came before the Deputy Commission, Department of Commerce (Department) for a decision on the scope of the Environmental Assessment (EA) to be prepared for the Xcel Energy (Xcel) and Great River Energy (GRE) applications for a Certificate of Need (CN) and a Route Permit to construct the proposed SWTC Chaska Area HVTL Project.

I. INTRODUCTION

On May 15, 2012, Xcel and GRE (Applicants) submitted an Application to the Commission for a Certificate of Need (CN) for the proposed transmission line upgrade of the Chaska Area 69 kV system to 115 kV. The docket number for the CN proceedings is E002/CN-11-826.

The Commission released an Order on August 21, 2012, finding the CN application to be complete.

On July 10, 2012, Applicants submitted a high voltage transmission line (HVTL) Route Permit Application under the alternative permitting process to the Commission for the proposed transmission line upgrade of the SWTC Chaska Area 69 kV transmission system to 115 kV. The docket number for the HVTL Route Permit proceedings is E002/TL-12-401.

The Commission released an Order on September 11, 2012, finding the route permit application to be complete and initiating the alternative review process.

There was no Advisory Task Force established for this routing docket.

Project Description

The project is located in eastern Carver County and northern Scott County near and within the city of Chaska, and through Laketown, Dahlgren, and Jackson townships. The western end of the project area is located in Dahlgren Township, Carver County, west of Aue Lake at existing structure #142. The project extends north along the existing Great River Energy MV-VTT line through Laketown Township, and east through the city of Chaska. The project route continues across the Minnesota River into Jackson Township in Scott County to the eastern terminus of the project at the Scott County Substation. (See the attached General Vicinity Map.)

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- Remove approximately 0.39 miles of existing 69 kV transmission line through the middle of the city of Chaska (**Segment 5a**).
- Modify five substations (Scott County, Chaska, West Creek, Victoria and Augusta Substations).

Environmental Review

Applications for certificate of need determinations and for high voltage transmission line route permits are subject to environmental review. EFP staff is responsible for conducting the environmental review for CN applications submitted to the Commission (Minn. Rules 7849.1200) and the environmental review for route permit applications submitted to the Commission (Minn. Rules 7850.3700).

As two concurrent environmental reviews are required for the proposed SWTC Chaska Area transmission project – one for the CN application and one for the route permit application – the Department has elected to combine the environmental review for the two applications (Minn. Rules 7849.1900). Thus, an environmental assessment (EA) will be prepared to meet the requirements of both review processes.

On October 31, 2012, EFP staff submitted its comments and recommendations outlying the scoping process and suggested alternatives received during that process to the Commission. On November 19, 2012, the Commission at its regularly scheduled meeting considered what action, if any, the Commission should take in regards to the alternatives put forth during the scoping process; the Commission elected to take no action in this matter.

Having reviewed the matter, consulted with Energy Facility Permitting staff, and in accordance with Minnesota Rule 7850.3700, I hereby make the Scoping Decision:

II. MATTERS TO BE ADDRESSED IN THE EA

The EA on the proposed SWTC Chaska Area HVTL project will address and provide information on the following matters:

1.0 PROJECT DESCRIPTION

- Purpose of the Transmission Line
- Project Location
- Route Description
- Substation Modification Descriptions
- Route Width
- Rights-of-Way Requirements
- Project Cost
- Sources of Information

2.0 REGULATORY FRAMEWORK

- CN Process and Procedures
- HVTL Route Permit Process
- Environmental Review Process

3.0 ENGINEERING AND OPERATION DESIGN

- Transmission Line Conductors
- Transmission Line Structures
- Substations

4.0 CONSTRUCTION

- Transmission Line and Structures
- Substations
- Property/Right-of-Way Acquisition
- Cleanup and Restoration
- Damage Compensation
- Maintenance
 - Herbicide Application and Wetlands/Public Waters

5.0 AFFECTED ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATIVE MEASURES

The EA will include a discussion of the following human and environmental resources potentially impacted by the project and its alternatives. Potential impacts, both positive and negative, of the proposed project and each alternative considered will be described. Based on the impacts identified, the EA will describe mitigative measures that could reasonably be implemented to reduce or eliminate the identified impacts. The EA will describe any unavoidable impacts resulting from implementation of the proposed project.

- Environmental Setting
- Socioeconomic Setting
- Human Settlement
 - Displacement
- Noise
 - HVTL & Substation
 - Construction Activities
- Aesthetics
 - Visual and View-shed
 - Lighting Requirements
- Proximity to Structures
 - Residences
 - Businesses
 - Schools/Daycares
 - Hospitals
 - Cemeteries
 - Displacement
 - Existing Utilities
- Public Health and Safety
 - Electric and Magnetic Fields
 - Implantable Medical Devices
 - Stray Voltage
 - Tower Collapse
 - Security of Facilities, placarding, emergency provisions
- Recreation
 - Parks (city, county, state, and federal)
 - Trails (walking, bike)
- Transportation and Public Services
 - Emergency Services
 - Airports
 - Highways, Roads and Bike Paths
 - Traffic (during construction)
- Interference
 - Radio and Television (digital and satellite)
 - Internet (Wi-Fi)
 - Cellular Phone
 - Current and Future Infrastructure
 - Emergency vehicle pre-emption devices
- Archaeological and Historic Resources
- Zoning and Compatibility/Federal, State and Local Government Planning
- Land-Based Economies
 - Agriculture
 - Forestry
- Property Values
 - Residential

- Industrial
- Agriculture
- Air Quality (As it pertains specifically to this transmission line only.)
 - Henshaw Effect
 - Construction (heavy equipment, dust)
- Natural Resources
 - Surface Water
 - Lakes
 - Surface/stormwater Flows
 - Groundwater
 - Dewatering Requirements
 - Wetlands
 - Floodplains
 - State Wildlife Management Areas/Scientific Natural Areas
 - National Wildlife Refuge/Waterfowl Production Areas
- Flora
- Fauna
 - Avian Impacts (diverter methods)
- Rare and Unique Natural Resources/Critical Habitat
- Environmental Justice

6.0 ALTERNATIVES TO THE PROPOSED HVTL

- No-build Alternative
- Demand Side Management
- Purchase Power
 - Long term Purchase Power
 - Short term Purchase Power
- Alternative Facilities (Size/Type)
- Up-grading Existing Facilities
- New Generation

7.0 ALTERNATIVE ROUTES, ROUTES SEGMENTS and SUBSTATION LOCATIONS

The EA will identify and evaluate the following alternative routes and route segments to the proposed project identified through the scoping process:

Ernst Alternative Route Segment (Union Pacific Railroad right-of-way).

8.0 REJECTED ALTERNATIVE ROUTES

The EA will include a discussion of route alternatives that were evaluated by the Applicants and through the scoping process and rejected.

9.0 ALIGNMENT ALTERNATIVES

Alignment alternatives are alternatives or options for placement of the ROW that fall within the Applicants' requested route widths and generally entail site specific concerns

such as building on one side of the road or the other, avoiding tree groves, and avoiding recreational areas or environmentally sensitive areas. The following specific alignment alternative will be evaluated:

Ernst Alignment Modification-1 (south side of Chaska Boulevard).

Ernst Alignment Modification-2 (relocation of structure).

10.0 REQUIRED PERMITS AND APPROVALS

The EA will include a list of permits that will be required for the project.

III ISSUES OUTSIDE THE SCOPE OF THE EA

The following issues will not be considered or evaluated in the EA:

- Any route or substation alternatives not specifically identified in this scoping decision.
- The impacts of specific energy sources, such as carbon outputs from coal-generated facilities.
- The manner in which landowners are paid for transmission rights-of-way easements.

IV SCHEDULE

Following is the anticipated schedule: April, 2012 – EA Available. The above outline is not intended to serve as a “Table of Contents” for the EA document, and as such, the organization (i.e., structure of the document) of the information and the data may not be similar to that appearing in the EA.

Signed this 19th day of November, 2012

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



William Grant, Deputy Commissioner



3250 Chaska Blvd.

Choice No. 1
SWTC 115kV Transmission

10-8-12

Chaska, MN

Clear Area Fence



**Choice No. 2
SWTC 115 kV Transmission**

Chaska, MN

10-8-12

3250 Chaska Blvd

CELESTIAL ENERGY
10000 W
10000 W
10000 W



**Choice No. 3
SWTC 115kV Transmission**

10-8-12

Chaska, MN

3250 Chaska Pkwy

COLE P&S TRADING
10000
10000
10000
10000