



In the Matter of the Certificate of Need
Application for the Hollydale 115 kV
Transmission Line Project in the Cities of
Plymouth and Medina, Hennepin County,
Minnesota

**Environmental Report
Scoping Decision
PUC Docket No. E002, ET2/TL-12-113**

The above matter has come before the deputy commissioner of the Department of Commerce for a decision on the scope of the environmental report (ER) to be prepared for the Certificate of Need (CN) application for the Hollydale 115 kV transmission line project proposed by Xcel Energy and Great River Energy (collectively, the Applicants).

BACKGROUND

On June 30, 2011, the Applicants submitted a high voltage transmission line (HVTL) Route Permit application to the Public Utilities Commission (Commission) for the proposed Hollydale Transmission Project. Because the proposed transmission line is between 100 and 200 kilovolts, it is eligible for review under the alternative permitting process outlined in Minnesota Rules 7850.2800 to 7850.3900. The Commission accepted the HVTL Route Permit Application as complete on August 25, 2011, and authorized the Department's Energy Facility Permitting (EFP) staff to process the application under the alternative permitting process.

On February 27, 2012, the Applicants, in response to a motion filed by certain landowners within the proposed project area, filed a petition requesting that the Commission convert the route permit proceeding from the alternative permitting process to the full permitting process. In its order dated May 4, 2012, the Commission granted the Applicants' request and authorized review under the full permitting process, pursuant to Minnesota Rules 7850.1700 to 7850.2700. On July 31, 2012, the Department issued a scoping decision identifying the issues and routes to be evaluated in an Environmental Impact Statement (EIS) to be prepared for the routing process.

At the time of the route permit application acceptance, the project did not meet the size and length thresholds definition of a *large energy facility* as described in Minnesota Statutes Section 216B.2421, subd. 2(2) and (3), and did not require the issuance of a CN by the Commission.

However, several of the route alternatives in the EIS scoping decision are, or have the potential to be, greater than 10 miles in length. If the route chosen by the Commission is longer than 10 miles, the Applicants must obtain a CN from the Commission. For a line of such length, the Commission must determine the need for the project prior to issuing a route permit.

The Applicants applied for a CN on July 2, 2012.

PROJECT DESCRIPTION

The stated purpose of the Hollydale Project is to meet the electrical needs of the Plymouth and Medina area. The Applicants have stated that demand for power in the Plymouth and Medina area has increased beyond the capability of the current electrical distribution system due to population and commercial growth, particularly in the areas along Minnesota Highway 55 (specifically the Plymouth City Center), Interstate 494, and Interstate 394. The Applicants contend that additional electrical infrastructure is required to address electrical distribution concerns, provide additional distribution capacity, and avoid overload conditions in the Plymouth and Medina area. The Applicants further contend that the project will meet the immediate distribution system needs and provide support for future demand growth in the area until at least 2030.

In order to address the described need, Applicants propose to build a 115 kV transmission line of approximately 8.8 miles, modify two substations, and construct a new 115 kV substation in Plymouth. The Project proposed by the Applicants consists of the following components:

- Remove and replace approximately eight miles of an existing GRE-owned 69 kV overhead transmission line,
- Construct a new Pomerleau Lake 115 kV substation in Plymouth,
- Construct approximately eight-tenths of a mile of new 115 kV overhead transmission line,
- Modify the existing Medina substation, and
- Expand and modify the existing Hollydale substation.

Potential routes that the transmission lines would follow, if approved, were identified in the EIS Scoping Decision issued by the Department on July 31, 2012. Potential routes under review in the EIS would be between eight and 10.3 miles long. If the Commission determines a need for the project, the Commission will then select a route for the project.

CERTIFICATE OF NEED

Before any large energy facility, in this case HVTL, can be constructed in Minnesota, the Commission must determine that they are necessary and in the best interest of the state. The certificate of need process includes environmental review and public hearings, and typically takes 12 months. This process is the only proceeding in which a no-build alternative and the size, type, timing, system configuration and voltage of the proposed project will be considered.

A copy of the certificate of need application, along with other relevant documents, can be reviewed at the Energy Facility Permitting web page at: <http://mn.gov/commerce/energyfacilities/Docket.html?Id=32919>, or the Commission's eDockets website at: <https://www.edockets.state.mn.us/EFiling/search.jsp> (enter the year "12" and the number "113").

The Department's EFP staff is responsible for administering the environmental review process. The Commission is responsible for determining if the proposed transmission line is needed.

Environmental Review

The environmental review process under the certificate of need procedures, outlined in Minnesota Rules, part 7849.1000 to 7849.1500, includes public information/scoping meetings and the preparation of an environmental review document, the Environmental Report (ER). The ER is a written document that describes the human and environmental impacts of the proposed project, alternatives to the project and methods to mitigate anticipated adverse impacts. The content of the ER for a HVTL is prescribed in Minnesota Rules 7849.1500, subparts 1 and 3. The ER must be prepared before the public hearing and before the Commission can make a decision on the CN application.

HVTL ROUTE PERMITTING

Minnesota Statutes Section 216E.03, subd. 2, provides that no person may construct a HVTL 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 line is an HVTL and, therefore, a route permit is required prior to construction.

Xcel Energy and Great River Energy's application for a HVTL Route Permit is being reviewed by the Commission under Docket E002/TL-11-152.

A copy of the HVTL route permit application, the EIS scoping decision identifying routes being evaluated for the HVTL, and other relevant documents, can be reviewed at the Energy Facility Permitting web page at: <http://mn.gov/commerce/energyfacilities/Docket.html?Id=32121> or the Commission's eDockets website at: <https://www.edockets.state.mn.us/EFiling/search.jsp> (enter the year "11" and the number "152").

The Department's EFP staff is responsible for evaluating the HVTL route permit application and administering the environmental review process. EFP staff currently anticipates that a Draft EIS will be released in early 2013. The Commission is responsible for selecting the transmission lines route and issuing the HVTL route permit.

SCOPING PROCESS

On October 10, 2012, EFP sent notice of the place, date, and times of the Public Information and Scoping meeting to those persons on the General List maintained by the Commission, the agency technical representatives list, and the project contact lists. Notice of the public meeting was also published in local newspapers.

Public Scoping Meetings

EFP staff held public information and scoping meetings on October 25 and 26, 2012, at the Plymouth Creek Center in Plymouth, Minnesota. The meeting provided members of the public an opportunity to learn about the proposed project and the state's certificate of need process, review the Applicants' CN application, ask questions, provide comments, and identify potential impacts and alternatives to the Project to be considered for the scope of the Environmental Report. The total attendance for both meetings was approximately 230 people.

A court reporter was present at the public meeting and transcribed questions asked and comments made by the public, as well as responses from EFP and Commission staff and the Applicants. In total, 33 people provided oral comments and/or asked questions about the proposed project. Topics and issues raised by the public at the meeting included: health and safety (primarily as related to electric and magnetic fields), impact to property values, accuracy of the data in the CN and Route Permit applications, inadequacy of the meeting notice, and history of the existing 69 kV transmission line. Project Alternatives A2 and H2 were brought up by several citizens as alternatives to the Project that should be evaluated in the ER. Several commenters also identified routing preferences.

Public Comments

A public comment period, ending on November 16, 2012, provided the public an opportunity to submit comments to EFP staff via e-mail, fax, U.S. mail or online on issues and project alternatives for consideration for the scope of the ER. EFP staff received 100 written comments by the close of the comment period and an additional three comments after the close of the scoping period.

The scoping meeting comment report and all written comments are available for viewing and downloading on the project website maintained by the Department at: <http://mn.gov/commerce/energyfacilities/Docket.html?Id=32919> or on the eDockets website at: <https://www.edockets.state.mn.us/EFiling/search.jsp> (enter the year "12" and the number "113").

Written and oral comments requested that the following items be evaluated in the ER:

Project Alternatives

- Alternative A2, described in the CN application as installing a new 115/13.8 kV substation in the vicinity of the proposed Pomerleau Lake Substation and adding two 13.8 kV distribution lines to feed the system
- Alternative H2, described in the CN application as installing a new substation in the vicinity of the proposed Pomerleau Lake Substation and constructing approximately 8.5 miles of 115 kV transmission line connecting the new substation to the Hollydale Substation and then to the Gleason Lake Substation.
- Demand Management
- Distributed Generation, generators located at big box stores, solar and wind
- No-build alternative, specifically maintaining the existing 69 kV line as non-operational east of Hollydale, and with emergency backup only between Medina & Hollydale
- A 345 kV alternative
- Converting existing 13.8 kV distribution to 34.5 kV distribution
- A 69 kV alternative
- Construction of the proposed Project underground
- Installation of additional 34.5 kV distribution lines beyond the two 34.5 kV lines currently feeding the area

Impacts

- Health and Safety, in particular electromagnetic fields (EMF)
- Property Values
- Development
- Agricultural land
- Water resources
- Flora and fauna
- Sensitive natural resources
- Aesthetics
- Costs and Incentives for the Project, including cost allocation of the Project and alternatives
- Noise
- Impacts reflecting the actual number of homes in each alternative
- Loss of tax revenue

In addition to the alternatives and impacts discussed above, comments also addressed:

- Need for the Project
- Routing preferences.
- Concern over the precedent of using an existing 69 kV transmission line route to establish a new 115 kV line
- Concerns that the number of homes be counted accurately to reflect the number of multi-unit buildings
- Concerns that forecasts used to document need for the Project are not accurate.
- Frustration that postcards notifying residents of the meeting arrived either on or after the meeting dates.

Having reviewed the matter, consulted with EFP staff, and in accordance with Minnesota Rule 7849.1400, I hereby make the following scoping decision:

Matters to be Addressed

The issues outlined below will be identified and described in the ER for the proposed Hollydale 115 kV project. The ER will describe the project and current setting of the proposed project area. It will also provide information on the potential impacts the proposed project could have as they relate to the topics outlined in this scoping decision document, including possible mitigation for identified impacts, identification of irrevocable commitment of resources and permits from other government entities that may be required.

1.0 INTRODUCTION

- 1.1 Purpose and Need
- 1.2 Regulatory requirements

2.0 PROJECT DESCRIPTION

- 2.1 General
- 2.2 Design
- 2.3 Right-of-Way Requirements and Acquisition
- 2.4 Construction
- 2.5 Operation and Maintenance
- 2.6 Permits

3.0 ALTERNATIVES TO THE PROPOSED HVTL

- 3.1 No-build Alternative: This alternative would include no new construction; the existing 69 kV transmission line would continue to be operated as is currently
- 3.2 Demand Side Management
- 3.3 Purchased Power
- 3.4 Generation Alternatives
 - 3.4.1 Fossil Fuel Technologies - Microturbines
 - 3.4.2 Renewable Resource Technologies - Distributed solar and wind
- 3.5 Transmission System Alternatives
 - 3.5.1 Alternative H2: As described in the CN Application, Alternative H2 would include construction of a new substation in the vicinity of the proposed Pomerleau Lake Substation and construction of approximately 8.5 miles of 115 kV transmission line connecting the new substation to the Hollydale Substation and then to the Gleason Lake Substation. This transmission alternative will be analyzed independent of routing.
- 3.6 Distribution System Alternatives
 - 3.6.1 Alternative A2: As described in the CN Application, Alternative A2 would include construction of a new 115/13.8 kV substation, located similarly to the Pomerleau Lake Substation proposed in the Project, and construction of six new 13.8 kV distribution lines. Distribution alternatives will be analyzed independent of routing. The new substation would be fed from Great River Energy's existing 115 kV Parkers Lake – Plymouth transmission line. This alternative will be analyzed independent of routing.
- 3.7 Up-grading Existing Facilities
 - 3.7.1 Re-build of existing 69 kV transmission line: The existing 69 kV transmission line is not operated east of the Hollydale Substation and is only maintained and used infrequently for emergency backup between the Medina and Hollydale substations. The ER will evaluate a re-build of the 69 kV transmission line between the Medina and Plymouth substations.
 - 3.7.2 Expansion of 34.5 kV system: The ER will discuss expansion of the 34.5 kV distribution system in the Project area. Distribution alternatives will be analyzed independent of routing.

4.0 HUMAN AND ENVIRONMENTAL IMPACTS

- 4.1 Air Quality
- 4.2 Biological Resources (flora and fauna, sensitive natural resources)
- 4.3 Cultural Resources
- 4.4 Geology and Soils
- 4.5 Health and Safety (including EMF)
- 4.6 Land Use
- 4.7 Noise
- 4.8 Socioeconomics (including property values, development)
- 4.9 Transportation
- 4.10 Visual Impacts and Aesthetics
- 4.11 Water Resources (surface, groundwater, wetlands)
- 4.12 Waste Management and Disposal

5.0 REQUIRED PERMITS AND APPROVALS

Issues Outside the Scope of the Environmental Report

The scope of the Hollydale 115 kV ER will not consider:

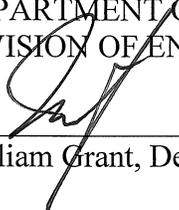
- a. A 345 kV alternative: As noted in the CN Application, a 345 kV alternative would be more efficient in terms of minimizing electrical losses, but appears to be far in excess of the stated need.
- b. Undergrounding of transmission and distribution as a separate alternative to the Project.
- c. Route or substation alternatives
- d. Generation alternatives that cannot be sited locally
- e. Any alternatives that do not meet the stated purpose of the Project
- f. The impacts of specific energy sources, such as carbon outputs, from non-local generating facilities
- g. The manner in which land owners are paid for transmission rights-of-way easements, as that is outside the jurisdiction of the Commission.
- h. Contested issues or disputes of fact with respect to representations made in the CN application.
- i. Cost allocation of the alternatives evaluated in the ER.

Schedule

The ER will be completed and available in February 2013. Following the release of the ER, a public hearing, presided over by an administrative law judge from the Office of Administrative Hearings, will be held in the vicinity of the project area to obtain public comment on the necessity of granting a certificate of need.

Signed this 3rd day of December, 2012

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES



William Grant, Deputy Commissioner