



Energy Facility Permitting
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December 3, 2012

TO: Bill Grant, Deputy Commissioner

THROUGH: Deborah Pile, EFP Supervisor *Deb Pile*

FROM: Suzanne Steinhauer, State Permit Manager

RE: Staff Recommendation on the Scope of the Environmental Report for the Hollydale 115 kV Transmission Project
(PUC Docket Nos. E002, ET-2/ CN-12-113)

ACTION REQUIRED

The signature of the Deputy is required on the attached Environmental Report (ER) Scoping Decision. Once signed, the Energy Facilities Permitting (EFP) staff will mail notice of the Scoping Decision to the project list and commence preparation of the ER as scoped.

The Project

Xcel Energy and Great River Energy (collectively, the Applicants) propose to construct approximately 8.8 miles of 115 kV transmission line in the cities of Plymouth and Medina in Hennepin County in order to meet the electrical needs of the Plymouth and Medina area. Approximately eight miles of the proposed transmission line would replace an existing 69 kV transmission line. In addition to the 115 kV transmission line Applicants also propose to construct a new substation in Plymouth and modify two existing substations. 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 state that the Project will meet the immediate distribution system needs and provide support for future demand growth in the area until at least 2030.

Regulatory Process

As outlined in the attached Scoping Decision, the regulatory process for the Project has been somewhat unusual. The Applicants submitted a high voltage transmission line (HVTL) Route Permit application to the Public Utilities Commission (Commission) for the Project on June 30,

2011. 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 EFP staff to process the application under the alternative permitting process.

Because the size of the Project, 115 kV, and the length of the Project, slightly less than nine miles, did not meet the size and length thresholds in the definition of a *large energy* facility as described in Minnesota Statutes Section 216B.2421, subd. 2(2) and (3), Applicants did not apply for a CN prior to or at the time of submittal of the Route Permit Application.

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.

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. The Commission accepted the CN application as complete on September 21, 2012, and has referred the proceeding to the Office of Administrative Hearings for contested case proceedings.

Environmental Review

The environmental review process under the CN procedures, outlined in Minnesota Rules, part 7849.1000 to 7849.1500, includes public information/scoping meetings and the preparation of an ER. The Department's EFP staff is responsible for administering the environmental review process.

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.

Public Scoping Process and Public Comments

EFP staff held public scoping meetings in the Project area on October 25 and 26, 2012. Notice of the meetings was provided as required in Minnesota Rule 7849.1400, subp. 2 and 3. In addition to the comments received at the public meetings, 100 written comments were received by the comment deadline of November 16, 2012. EFP forwarded these comments, as well as a description of proposed alternatives to be evaluated, to the Applicants for comment as expected

under Minn. Rule 7849.1400, subp. 6. The Applicants responded to the requests for consideration of alternatives on November 27 and 28. EFP has evaluated the Application, the public comments and the Applicants' responses in selecting the alternatives to be assessed in the ER. The proposed Scoping Decision identifies selected alternatives.

The ER will provide an analysis of the human and environmental impacts of the proposed project and the alternatives, and is scheduled to be completed in early February, 2013.