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April 22, 2013

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Comments and Recommendations of Department of Commerce
Energy Facility Permitting Staff
Docket No. ET6675/TL-12-1337

Dear Dr. Haar,

Attached are comments and recommendations of Department of Commerce, Energy Facility Permitting (EFP) staff in the following matter:

In the Matter of the Application of ITC Midwest LLC for a Route Permit for the Minnesota to Iowa 345 kV Transmission Line Project in Jackson, Martin, and Faribault Counties, Minnesota

The application was filed on March 28, 2013, by:

David Grover
ITC Midwest LLC
444 Cedar St., Suite 1020
St. Paul, MN 55101

EFP staff recommends acceptance of the route permit application as complete. Staff is available to answer any questions the Commission may have.

Sincerely,

A handwritten signature in black ink that reads 'Ray Kirsch'. The signature is fluid and cursive, with the first name 'Ray' being particularly prominent.

Ray Kirsch
EFP Staff

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. ET6675/TL-12-1337

Date: April 22, 2013

EFP Staff: Ray Kirsch.....651-296-7588

In the Matter of the Route Permit Application by ITC Midwest, LLC for the Minnesota to Iowa 345 kV Transmission Line Project and Associated Facilities in Jackson, Martin, and Faribault Counties

Issues Addressed: These comments and recommendations address the completeness of the route permit application submitted for the project and the appointment of an advisory task force.

Documents Attached:

- (1) Project Overview Map
- (2) Draft Advisory Task Force Structure and Charge

Additional documents and information can be found on eDockets:

<https://www.edockets.state.mn.us/EFiling/search.jsp> (12-1337) and on the Department's energy facilities permitting website: <http://mn.gov/commerce/energyfacilities/Docket.html?Id=33080>.

This document can be made available in alternative formats (i.e., large print or audio) by calling 651-296-0391 (voice).

Introduction and Background

On March 28, 2013, ITC Midwest, LLC (ITCM) filed a route permit application under the full permitting process to construct and operate a 345 kilovolt (kV) transmission line and associated facilities in Jackson, Martin, and Faribault counties.¹ On April 1, 2013, the Commission issued a

¹ ITC Midwest, LLC Application to the Minnesota Public Utilities Commission for a Route Permit, Minnesota – Iowa 345 kV Transmission Project and Associated Facilities in Jackson, Martin, and Faribault Counties, March 28, 2013, eDockets Numbers [20133-85110-01](#), [20133-85110-02](#), [20133-85110-03](#), [20133-85110-04](#), [20133-85110-05](#), [20133-85110-06](#), [20133-85110-07](#), [20133-85110-08](#), [20133-85110-09](#), [20133-85110-10](#), [20133-85114-01](#), [20133-85114-02](#), [20133-85114-03](#), [20133-85114-04](#), [20133-85114-05](#), [20133-85114-06](#), [20133-85114-07](#), [20133-85114-08](#), [20133-85114-09](#), [20133-85115-01](#) [hereinafter Route Permit Application].

notice soliciting comments on the completeness of the route permit application for the project.²

Project Purpose

ITCM indicates in its route permit application that the proposed project is needed to enhance regional electrical reliability, to increase transmission capacity to support additional generation, and to reduce congestion on the electrical grid. The project was studied by the Midwest Independent Transmission System Operator (MISO) and was approved by MISO as a multi-value project (MVP).³

Project Description

ITCM proposes to (1) construct approximately 75 miles of new 345 kV transmission line eastward from the Lakefield substation near Lakefield, Minn., to a new Huntley substation near Winnebago, Minn. and then southward to the Minnesota-Iowa border, crossing the border near the city of Elmore, Minn., (2) expand the existing Lakefield substation and construct a new substation (the Huntley substation) which will replace the existing Winnebago substation, and (3) relocate and reconfigure several segments of existing 161 kV and 69 kV transmission line which currently terminate at the Winnebago substation such that they will terminate at the new Huntley substation upon completion of the project.

ITCM is requesting a 1,000 foot route width for the 345 kV portion of the project, with a larger route width in select areas. ITCM indicates that the new 345 kV line will require a right-of-way (easement) of 200 feet. ITCM is requesting a 500 foot route width for the 161 kV portions of the project, with a right-of-way of 200 or 250 feet depending on location of the 161 kV lines. ITCM has proposed two possible routes for the project – designated in the route permit application as routes A and B (see attached map).

ITCM indicates in its application that 345 kV transmission line poles will range from 130 to 190 feet in height, with a span between structures in the range of 700 to 1000 feet. The transmission poles for the 161 kV portions of the project will range from 80 to 120 feet in height, with a span between structures in the range of 600 to 800 feet. ITCM anticipates that construction on the project will begin in early 2016 and be completed by mid-year 2017.

Regulatory Process and Procedures

In Minnesota, no person may construct a high voltage transmission line (HVTL) without a route permit from the Commission (Minnesota Statute 216E.03). 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 greater than 1,500 feet in length (Minnesota Statute 216E.01). The proposed project will consist of approximately 75 miles of new 345 kV transmission line and therefore requires a route permit from the Commission.

² Notice of Comment Period on Route Permit Application Completeness, April 1, 2013, eDockets Number [20134-85223-01](#).

³ The project is denoted as Project 3 in the MISO MVP portfolio. See MISO Transmission Expansion Plan 2011, <https://www.midwestiso.org/Planning/TransmissionExpansionPlanning/Pages/MTEP11.aspx>.

The proposed project will operate at a voltage greater than 200 kV and will have a length in Minnesota greater than ten miles; thus, the project, per Minnesota Statute 216B.2421, is a large energy facility and requires a certificate of need from the Commission.⁴ ITCM applied to the Commission for a certificate of need on March 22, 2013.⁵

Route Permit Application and Acceptance

Because ITCM's proposed project will operate at a voltage greater than 200 kV and will have a length in Minnesota of greater than five miles, it must proceed under the full permitting process prescribed by Minnesota Statute 216E.03 and Minnesota Rules 7850.1000 to 7850.2700.⁶ Route permit applications for high voltage transmission lines must provide specific information about the proposed project including, but not limited to, applicant information, route description, and potential environmental impacts and mitigation measures (Minnesota Rule 7850.1900). Under the full permitting process the applicant must propose at least two routes for the project and indicate its preferred route and the reasons for its preference (Minnesota Rule 7850.1900).

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 (Minnesota Rule 7850.2000). The environmental review and permitting process begins on the date the Commission determines that a route permit application is complete (Minnesota Rule 7850.2000); the Commission has one year from the date of this determination to reach a route permit decision (Minnesota Rule 7850.2700).

Environmental Review

Route permit applications are subject to environmental review conducted by Department of Commerce, Energy Facility Permitting (EFP) staff. Projects proceeding under the full permitting process require the preparation of an environmental impact statement (EIS) (Minnesota Statute 216E.03, Subd. 5). Public information and scoping meetings will be held to solicit comments on the scope of the EIS. The Department of Commerce (Department) determines the scope of the EIS.⁷ The Department may include alternative sites or routes suggested by the public in the scope of the EIS if such alternatives will aid in the Commission's decision on the route permit application (Minnesota Rule 7850.2500). The Department must include those site or routes "the Commission deems necessary that [were] proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate site or routes."⁸

Certificate of Need and Joint Environmental Review

As noted above, ITCM's proposed project requires a certificate of need, and ITCM has applied to the Commission for a certificate. Certificate of need applications are subject to environmental

⁴ Minnesota Statute 216B.243.

⁵ ITC Midwest, LLC Application to the Minnesota Public Utilities Commission for a Certificate of Need, Minnesota – Iowa 345 kV Transmission Project in Jackson, Martin, and Faribault Counties, March 22, 2013, eDockets Numbers [20133-84946-01](#), [20133-84946-02](#), [20133-84946-03](#), [20133-84946-04](#), [20133-84946-05](#), [20133-84946-06](#), [20133-84946-07](#), [20133-84946-08](#), [20133-84946-09](#), [20133-84946-10](#), [20133-84947-01](#), [20133-84947-02](#), [20133-84947-03](#), [20133-84947-04](#), [20133-84947-05](#) [hereinafter Certificate of Need Application].

⁶ Per Minnesota Statute 216E.04, Subd. 2, the project is not eligible to proceed under the alternative permitting process.

⁷ Minnesota Rule 7850.2500, Subp. 2.

⁸ Minnesota Statute 216E.03, Subd. 5.

review conducted by EFP staff – staff must prepare an environmental report (ER) for the proposed project (Minnesota Rule 7849.1200).

If an applicant for a certificate of need applies for a route permit (for the same project) prior to completion of the ER, the Department may elect to prepare an EIS in lieu of an ER (Minnesota Rule 7840.1900).⁹ If an EIS is prepared in lieu of an ER, the EIS must include an analysis of alternatives to the project required by Minnesota Rule 7849.1500.

Public Hearing

Route permit applications under the full permitting process require a contested case hearing be held after the draft EIS for the project has been prepared (Minnesota Rule 7850.2600). If the route permitting process and a certificate of need determination are proceeding concurrently, the Commission may order that a joint hearing be held to consider both permitting and need.¹⁰

Advisory Task Force

The Commission may appoint an advisory task force as an aid to the environmental review process (Minnesota Statute 216E.08). An advisory task force must include representatives of local governmental units in the project area.¹¹ A task force typically assists EFP staff with identifying specific impacts and alternative routes and sites to be evaluated in the EIS for the project. A task force expires upon issuance of the EIS scoping decision by the Department (Minnesota Rule 7850.2400).

The Commission is not required to appoint an advisory task force for every project. In the event that the Commission does not name a task force, citizens may request appointment of a task force (Minnesota Rule 7850.2400). If such a request is made, the Commission would then need to determine at a subsequent meeting if a task force should be appointed or not.

The decision whether to appoint an advisory task force does not need to be made at the time of application acceptance; however, it should be made as soon as practicable to ensure its charge can be completed prior to the EIS scoping decision by the Department.

EFP Staff Analysis and Comments

EFP staff has conferred with ITCM staff about the Minnesota to Iowa 345 kV transmission line project and has reviewed a draft route permit application. EFP staff believes that staff comments on the draft application have been addressed in the route permit application submitted to the Commission. Staff has evaluated the route permit application against the application

⁹ Minnesota Rule 7849.1900 notes that the applicant and Commission must be agreeable to the additional time, if any, needed to prepare an EIS in lieu of an ER. Though this is the text of the rule, EFP staff believes that it is outdated in that it was written at a time when the certificate of need process was six months in length and the route permitting process 12 months in length. The certificate of need process is now also 12 months in length (Minnesota Statute 216B.243, Subd. 5), thus there is no difference in timing between the certificate of need and routing processes. Further, as discussed in these comments, the applicant has requested that the certificate of need and routing processes be combined.

¹⁰ Minnesota Statute 218B.243, Subd. 4; Minnesota Rule 7850.2600, Subp. 3.

¹¹ Minnesota Statute 216E.08, Subd. 1.

completeness requirements of Minnesota Rule 7850.1900. Staff finds that the application contains appropriate and complete information with respect to these requirements, including descriptions of the proposed project and potential environmental impacts and mitigation measures. Accordingly, staff believes that the application meets the content requirements of Minnesota Rule 7850.1900 and is complete. The Commission's acceptance of the application will allow EFP staff to commence the environmental review process.

Joint Environmental Review

The Commission has before it a route permit application and a certificate of need application for ITCM's proposed project. It appears to EFP staff that the permitting and need processes for the project will proceed concurrently. Thus, at this time, EFP staff anticipates that it will prepare one environmental review document for the project, an EIS. EFP staff believes that development of an EIS in lieu of an ER for the certificate of need environmental review and joining it with the EIS for the route permitting environmental review (joint environmental review) will not lengthen the certificate of need or route permitting process. Additionally, ITCM has requested that the certificate of need and route permitting processes be combined.¹² Finally, EFP believes that joint environmental review, for the public and state agencies, is relatively more efficient and that there are benefits to having an environmental analysis of need and routing in one document.¹³

Advisory Task Force

EFP staff has analyzed the merits of establishing an advisory task force for ITCM's proposed project. Staff concludes that a task force is warranted for this project and has prepared a draft structure and charge (attached).

In analyzing the need for an advisory task force for the project, EFP staff considered four characteristics: project size, project complexity, known or anticipated controversy, and sensitive resources.

- **Project Size.** ITCM's proposed project is a 345 kV line approximately 75 miles in length in Minnesota. Transmission line poles will range from 130 to 190 feet in height. In short, this is a relatively large transmission line project for Minnesota. Although ITCM proposes a route (route A) that proceeds primarily along existing rights-of-way, these project-size factors weigh in favor of a task force.
- **Project Complexity.** With respect to land uses and the density of development in the project area (southwestern Minnesota), the project is relatively straightforward. The project area is primarily an agricultural area and land uses along the length of the route do not vary greatly. However, the project will pass through three counties and potentially

¹² Route Permit Application, Cover Letter. ITCM has requested that the certificate of need and route permit proceedings be combined. To EFP staff's understanding, the proceedings include the environmental review and hearings for the respective processes (see Minnesota Rule 7849.1900 "Joint Proceeding"). Whether the hearings for the respective processes are joined is a decision for the Commission (Minnesota Statute 216B.243, Subd. 4).

¹³ EFP staff observes that gains in efficiency (for joint environmental review and for concurrent need and routing processes generally) may come at a potential cost in public understanding. That is, it may be confusing, at least for some citizens, for the Commission and the Department to conduct concurrent proceedings when it is clear that a certificate of need must be granted for the project before a route permit may be granted (Minnesota Statute 216B.243).

one city and 12 townships. Additionally, the project includes a border crossing into the state of Iowa. The project also includes the construction of a new substation and the rerouting of several existing transmission lines to terminate at the substation. On whole, these project-complexity factors weigh in favor of a task force.

- **Known or Anticipated Controversy.** To date, EFP staff has received only a handful of questions and comments about the project, e.g., citizens asking to be placed on the project mailing list. However, because of the length of the line and the size of the proposed transmission line structures, EFP staff anticipates that there will be controversy concerning the project.
- **Sensitive Resources.** The project area is primarily an agricultural area with most presettlement natural resources now dedicated to agricultural production. However, there are natural resources in the area which interact with ITCM's proposed routes including the Fox Lake Game Refuge, Lake Charlotte, and the Pilot Grove Lake Waterfowl Production Area (WPA). ITCM proposes avoiding these resources by going around them; however, the route permitted by the Commission may ultimately cross some or all of these resources. Avoiding these resources may result in routing through areas with few or no existing transmission line rights-of-way.

Based on the above analysis, EFP staff believes that an advisory task force is warranted for the Minnesota to Iowa 345 kV transmission line project. EFP staff is recommending one task force for the project (see attached draft structure and charge).

In making this recommendation, EFP staff considered whether one or two task forces would be more appropriate, and whether it made sense to focus a task force on a particular portion of the project (e.g., a specific natural resource) or the entire project. For projects similar,¹⁴ shorter,¹⁵ and longer¹⁶ in length, the Commission has authorized a single task force. For three recent projects, the Commission has authorized task forces focused on specific natural resources or specific areas of complexity along a route.¹⁷ EFP staff believes that given the agricultural nature of the project area and the lack of a focal resource or area of complexity, a task force dedicated to a specific resource or area is not warranted. Additionally, EFP staff believes that a single task force is logistically feasible and is preferable for coordinating input from the counties, cities, and townships potentially affected.

¹⁴ Bemidji to Grand Rapids 230 kV Transmission Line Project, at 68 miles in length (TL-07-1327).

¹⁵ Monticello to St. Cloud 345 kV Transmission Line Project, at 28 miles in length (TL-09-246).

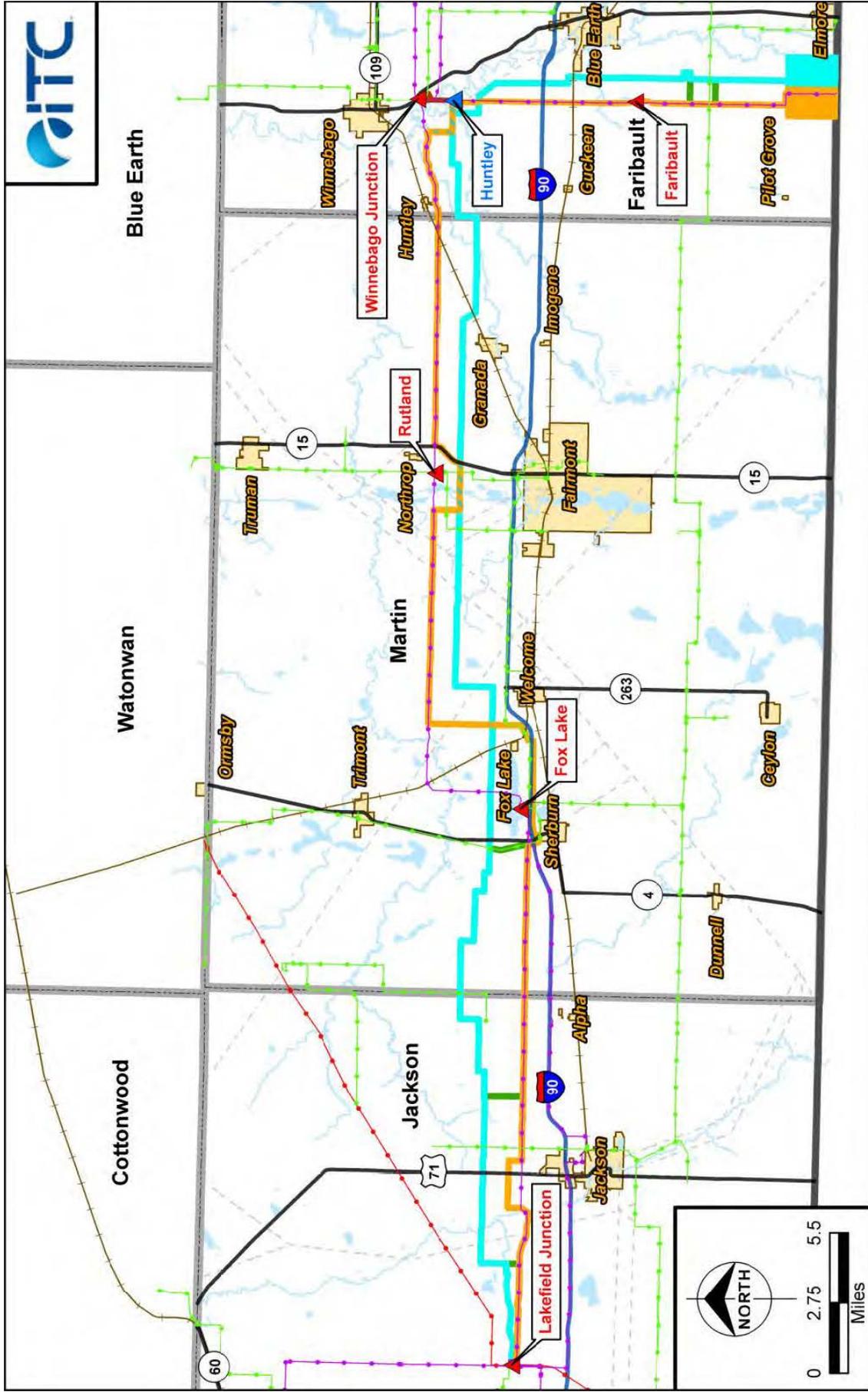
¹⁶ Fargo to St. Cloud 345 kV Transmission Line Project, at 170 miles in length (TL-09-1056).

¹⁷ Brookings County to Hampton 345 kV Transmission Line Project with task forces focused on the Minnesota River crossing and the southern metro area (TL-08-1474); Fargo to St. Cloud 345 kV Transmission Line Project with a task force focused on the Avon Hills region along Interstate 94 (TL-09-1056); Hampton – Rochester – La Crosse 345 kV and 161 kV Transmission Line Project with task forces focused on the Highway 52 corridor and the crossings of the Zumbro River and Mississippi River (TL-09-1448).

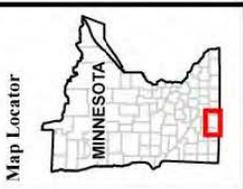
EFP Staff Recommendation

EFP staff recommends that the Commission accept the route permit application for ITCM's Minnesota to Iowa 345 kV transmission line project as substantially complete. Additionally, EFP staff recommends that the Commission authorize the Department to establish an advisory task force for the project consistent with the Department's draft structure and charge.

Project Overview Map



ITC Midwest
 Minnesota-Iowa
 345 kV Transmission Project
 Route Overview



- Legend**
- █ Route A
 - █ Route B
 - █ Connector Segment
 - █ Associated Facilities
 - Railroad
 - ▲ Existing Substation
 - ▲ Proposed Substation
 - Existing 69 kV Lines
 - Existing 161 kV Lines
 - Existing 345 kV Lines
 - City
 - County Boundary
 - State Boundary
 - Existing Pipeline



In the Matter of ITC Midwest, LLC’s Route Permit Application for the Minnesota to Iowa 345 kV Transmission Line Project and Associated Facilities in Jackson, Martin, and Faribault Counties

**Advisory Task Force
Authorization and Charge
PUC Docket No. ET6675/TL-12-1337**

ADVISORY TASK FORCE AUTHORIZATION, CHARGE, AND ORDER

The above-noted matter has come before the Deputy Commissioner of the Department of Commerce (Department) for a decision on the appointment of an advisory task force (ATF) to advise the Public Utilities Commission (Commission) on ITC Midwest, LLC’s (ITCM) route permit application for the proposed Minnesota to Iowa 345 kV transmission line project and associated facilities.

As authorized by the Commission, the Deputy Commissioner is establishing an advisory task force to assist in identifying impacts and route alternatives to be evaluated in the environmental impact statement (EIS) to be prepared by the Department for the proposed project.

ATF members will be solicited from the following governmental units:¹

RDC: Southwest Regional Development Commission
Counties: Jackson, Martin, Faribault
City: Sherburn
Townships: Belmont, Des Moines, Hunter, Enterprise, Wisconsin, Center Creek, Fox Lake, Elm Creek, Fraser, Jay, Manyaska, Rutland, Jo Daviess, Elmore, Pilot Grove, Verona

Based on this solicitation, the ATF will consist of up to 20 members.

As authorized by the Commission, the Department herein charges ATF members to:

1. Assist in identifying specific impacts and issues of local concern that should be analyzed in the EIS that will be prepared for the proposed project;
2. Assist in determining potential route and site alternatives that should be analyzed in the EIS.

ATF members will be expected to participate in up to three meetings and to assist Department staff with the development of a summary of the task force’s work. The Department anticipates that it will engage staff from the Minnesota Office of Management and Budget to facilitate ATF meetings.

¹ See Minnesota Statute 216E.08, Subd. 1.

The advisory task force will expire upon issuance of the EIS scoping decision for the project by the Deputy Commissioner of the Department.

THE DEPUTY COMMISSIONER MAKES THE FOLLOWING ORDER:

WHEREAS, ITC Midwest, LLC, submitted an application for a route permit for the Minnesota to Iowa 345 kV transmission line project and associated facilities on March 28, 2013; and

WHEREAS, Minnesota Statute 216E.08 provides for the establishment of an advisory task force (ATF) to assist the Commission in carrying out its duties; and

WHEREAS, in its order of _____, the Commission authorized the Department to establish an ATF and develop a structure and charge for the ATF; and

WHEREAS, Minn. Stat. 216E.08 establishes that an ATF comprise at least one representative from each regional development commission, county, and municipal corporation, and at least one town board member from each county in which a route is proposed to be located;

THEREFORE, the Department herein establishes an advisory task force for the Minnesota to Iowa 345 kV transmission line project and associated facilities, authorizes Department staff to appoint members of the task force, and adopts the above determination with regard to its structure and charge.

Signed this _____ day of _____, 2013

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

William Grant, Deputy Commissioner