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May 16, 2014

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
Application Acceptance
Energy Environmental Review and Analysis Staff
Docket No. E015/TL-14-21

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 Minnesota Power for a Route Permit for the Great Northern Transmission Line Project in Beltrami, Clearwater, Itasca, Kittson, Koochiching, Lake of the Woods, Marshall, Roseau and Pennington Counties, Minnesota

The application was filed on April 15, 2014, by:

David Moeller
Senior Attorney
Minnesota Power
30 West Superior Street
Duluth, MN 55802-2093

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

Sincerely,

William Cole Storm
EERA 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. E015/TL-14-21

Date: May 16, 2014

EFP Staff: William Cole Storm.....651-539-1844

In the Matter of the Application of Minnesota Power for a Route Permit for the Great Northern High-Voltage Transmission Line Project from the Manitoba, Canada – Minnesota Border to the Blackberry Substation near Grand Rapids, Minnesota

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) Advisory Task Force Map
- (3) Proposed Advisory Task Force Structure and Charge

Additional documents and information can be found on eDockets: <https://www.edockets.state.mn.us/EFiling/search.jsp> (14-21) and on the Department's energy facilities permitting website: <http://mn.gov/commerce/energyfacilities/Docket.html?Id=33847>.

This document can be made available in alternative formats (i.e., large print or audio) by calling 651-296-0406 (voice).

Introduction and Background

On April 15, 2014, Minnesota Power (MP) filed a route permit application under the full permitting process to construct and operate a 500 kilovolt (kV) transmission line and associated facilities in Beltrami, Itasca, Koochiching, Lake of the Woods, and Roseau counties.¹

¹ Minnesota Power Application to the Minnesota Public Utilities Commission for a Route Permit, Great Northern Transmission Project and Associated Facilities in Beltrami, Itasca, Koochiching, Lake of the Woods, and Roseau Counties, April 15, 2014, eDockets No. 20144-98339-01 to -10, 341-01 to -10, and 342-01 to -04. [herein after Route Permit Application].

On April 18, 2014, the Commission issued a notice soliciting comments on the completeness of the route permit application for the project.²

Project Purpose

As stated by the Applicant, the primary objective of the Great Northern Transmission Line (GNTL) project is to provide increased access to Manitoba hydropower. Additionally, MP states that the project facilitates an innovative wind storage provision in the power purchase agreement (PPA) that leverages the flexible and responsive nature of hydropower to optimize the value of MP's significant wind energy investments and compliments MP's EnergyForward resource strategy.

The GNTL project would provide delivery and access to power generated by Manitoba Hydro's hydroelectric stations in Manitoba, Canada. Minnesota Power, states in its certificate of need (CN) application, that the project is required to facilitate delivery of the combined 383 megawatts (MW) (250 MW PPA and the 133 MW Renewable Optimization Agreement) of hydropower and wind storage energy products to serve Minnesota Power, as well as additional hydropower to other utilities in the United States, thereby meeting future state and regional energy needs. Minnesota Power further states that while large hydropower transfers like this do not satisfy the current renewable energy mandates in Minnesota, such a hydropower transfer could support compliance with renewable energy requirements for utilities in Wisconsin and other states.

Project Description

Minnesota Power, in partnership with Manitoba Hydro, proposes to construct a high voltage transmission line (HVTL) from the International border that would terminate at the Blackberry Substation in Itasca County.

The GNTL project includes the construction of a new 500 kV transmission line in Minnesota from the United States/Canadian border to the Minnesota Power Blackberry Substation near Grand Rapids, Minnesota. The 500 kV Line will be approximately 235-270 miles in length, subject to final route approval by the Commission, and will be constructed on a 200 foot wide right-of-way. The line will provide 750 MW of transfer capability. The Minnesota counties likely to be impacted by the construction of the 500 kV Line (depending on final route selection) include: Beltrami, Itasca, Koochiching, Lake of the Woods, and Roseau.

Minnesota Power is requesting a route width that is 1,000 to 3,000 feet wide, with structures typically ranging in heights from approximately 100 feet to 150 feet above ground. The Applicant currently estimates between 4 to 5 structures per mile of transmission line. A variety of structure types (self-supporting suspension, guyed delta suspension, and guyed-V suspension) may be used along the route.

Minnesota Power anticipates that construction on the project will begin in the fall of 2016, with an in-service date of mid-year 2020.

² Notice of Comment Period on Route Permit Application Completeness, April 18, 2014, eDockets No. 20144-98464-01.

The GNTL project will terminate at a new substation (that is, Blackberry 500 kV Substation) located on the same site as the Applicant's existing Blackberry 230/115 kV substation. The Blackberry 500 kV Substation will be designed to accommodate the new 500 kV line, 500/230 kV transformation, existing 230 kV lines, and all associated 500 kV and 230 kV equipment. The project also will require a 500 kV Series Compensation Station, the location of which, has not yet been determined.

Regulatory Process and Procedures - State

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 220 miles of new 500 kV transmission line and therefore requires a route permit from the Commission.

The proposed project will operate at a voltage greater than 200 kV and will have a length in Minnesota greater than 10 miles; thus, the project, per Minnesota Statute 216B.2421, is a large energy facility and requires a Certificate of Need (CN) from the Commission.³ Minnesota Power applied to the Commission for a certificate of need (docket No. E015/CN-12-1163) on October 21, 2013.⁴ In MP's CN application it has: 1) Found that a new transmission line is required, 2) Requested approval for a 500 kV line, and 3) Identified the end points as the Manitoba-United States border and the MP Blackberry Substation.

The application was submitted pursuant to the Certificate of Need provisions found in Minnesota Rules 7849. The Commission accepted the CN Application as complete on December 18, 2013.

Route Permit Application and Acceptance

Because MP'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 7850.2700.⁵ 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

³ Minnesota Statute 216B.243.

⁴ Minnesota Power Application to the Minnesota Public Utilities Commission for a Certificate of Need, Great Northern Transmission Line project, October 21, 2013, eDockets No. 201310-92766-01 to -10, 773-01 to -07, 784-01 to -04, and 790-02 to -04. [herein after Certificate of Need Application].

⁵ Per Minnesota Statute 216E.04, Subd. 2, the project is not eligible to proceed under the alternative permitting process.

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). The commission may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Environmental Review

Route permit applications are subject to environmental review conducted by Department of Commerce, Energy Environmental Review and Analysis (EERA) 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.⁶ 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."⁷

Certificate of Need and Joint Environmental Review

As noted above, MP's proposed project requires a certificate of need, and MP has applied to the Commission for a certificate. Certificate of need applications are subject to environmental review conducted by EERA 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). While not complete, the ER preparation for the CN docket is well underway.

The Department released its Scoping Decision for the CN's Environmental Report on April 22, 2014, and has begun development of that document. Thus, separate environmental review documents will be developed for the Certificate of Need and the Route Permit dockets regarding the GNTL project.

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.⁸

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

⁶ Minnesota Rule 7850.2500, Subp. 2.

⁷ Minnesota Statute 216E.03, Subd. 5.

⁸ Minnesota Statute 218B.243, Subd. 4; Minnesota Rule 7850.2600, Subp. 3.

local governmental units in the project area.⁹ A task force typically assists EERA staff with identifying specific impacts and alternative routes and sites to be evaluated in the EIS for the project. A task force expires upon designation of alternative routes to be included in the EIS (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.

Regulatory Process and Procedures - Federal

The Department of Energy is the lead federal agency for the GNTL project. Pursuant to Executive Order (EO) 10485 of 1953, as amended by EO 12038, and 10 Code of Federal Regulations (CFR) Section 205.320, a Presidential Permit is required for the GNTL project because it will cross the international boundary between Minnesota and Manitoba, Canada.

Because the GNTL project constitutes a Major Federal Action, DOE must consider the environmental effects of the project, and reasonable alternatives to the project, pursuant to the National Environmental Policy Act (NEPA). An Environmental Impact Statement (EIS) will be prepared in compliance with NEPA and DOE's NEPA implementing regulations, 10 CFR Part 1021.

The following provides a summary of the federal environmental review process under DOE regulations:

- Hold public scoping meetings to determine the scope of the EIS;
- Develop and publish the Draft EIS;
- Solicit comments from the public and agencies on the Draft EIS;
- Develop and publish the Final EIS;
- Issue Record of Decision (ROD) on potential environmental impacts of the project and identify mitigation measures to minimize these impacts.
- Issue Presidential Permit

State (Department) and Federal (DOE) Joint Environmental Review

DOE and the Minnesota Department of Commerce – Energy Environmental Review and Analysis intend to jointly develop one EIS that meets both agencies' environmental review requirements to minimize duplication of effort.

⁹ Minnesota Statute 216E.08, Subd. 1.

EERA Staff Analysis and Comments

EERA staff has conferred with MP staff about the GNTL transmission line project and has reviewed a draft route permit application. EERA 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 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 EERA staff to commence the environmental review process.

Advisory Task Force

EERA staff has analyzed the merits of establishing an advisory task force for MP's proposed GNTL 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, EERA staff considered four characteristics: project size, project complexity, known or anticipated controversy, and sensitive resources.

- **Project Size.** MP's proposed project is a 500 kV line approximately 220 miles in length in Minnesota. Transmission line poles will range from 100 to 150 feet in height. In short, this is a large transmission line project for Minnesota. Although MP proposes two routes (Orange and Blue) that follow existing transmission lines (30 percent and 38 percent, respectively) for a third of their routes, these project-size factors weigh in favor of a task force.
- **Project Complexity.** With respect to the density of development, population densities within the project area vary substantially across counties. Potential counties impacted by the GNTL include: Beltrami, Itasca, Koochiching, Lake of the Woods, and Roseau. Residences in the project area are scattered primarily along county roadways, near lakeshore areas, and in municipal areas where residences tend to be concentrated. While neither of the proposed route alternatives have any residences within their anticipated ROWs, preliminary information indicates that residences are within the requested route (64 for the orange and 49 for the blue route).

With respect to the land uses, both proposed routes cross through county, state, federal and privately owned lands. No proposed route alternatives cross the Red Lake Reservation, Boise Forte Reservation or other tribal lands. Private lands crossed, as a percent of total acres, are 32 percent for the orange route and 36 percent for the blue route.

Additionally, the project includes an international border crossing into Canada.

Because of features such as, resident locations, extent of private land ownership, minimal opportunities to co-locate, and changes in topography and ecology, the GNTL project complexity factors weigh in favor of a task force.

- **Known or Anticipated Controversy.** As previously noted, the CN environmental review process for the GNTL has already been initiated and the scope for the *Environmental Report* released. In developing the scope for the CN process, EERA staff held six public information/scoping meetings across the proposed project area. The meetings were well attended, with approximately 90 people attending and 20 individuals taking the opportunity to speak on the record. A court reporter was present to document oral statements.¹⁰ The deadline for written comments was March 14, 2014; 28 written comments were received.¹¹

The vast majority of the comments received, both oral and written, were more relevant to the routing process, meaning that they dealt with issues that are route specific (i.e., paralleling existing infrastructure, potential impacts to specific parcels, sites or features, the so called “buy the farm” provisions of the law, and maximizing use of public lands). Many of these commentators spoke against the GNTL project for a variety of reasons.

Given the interest expressed in the routing of the GNTL during the CN process, EERA staff anticipates that the public participation and controversy concerning the project during the routing proceedings will be high.

- **Sensitive Resources.** The project area is located within three Ecological Provinces and five Ecological Subsections, as classified by the Minnesota Department of Natural Resources. The area includes a range of landscape types and vegetation communities that change drastically from west to east, with generally open, limited forest communities to the west and increasingly forested vegetation types toward the east.

Preliminary data indicates that the predominant landcover type traversed by the Orange Route is upland deciduous forest followed closely by shrubland. Lowland coniferous forest is the predominant landcover type crossed by the Blue Route, followed closely by upland deciduous forest and shrubland. Fragmentation of vegetation communities occurs when linear corridors comprised of new community types bisects existing contiguous blocks of vegetation. The result is the creation of smaller fragmented areas of these communities. Low shrubby or grassland communities are less susceptible to structure alterations associated with transmission lines. Total forest type coverage is 35,742 acres (55.0 percent) for the Orange Route and 39,641 acres (55.4 percent) for the Blue Route.

Information in the route permit application reveal that the Orange Route crosses 5,652 acres of Wildlife Management Area (WMA) lands in four different WMAs, while the Blue Route crosses 2,005 acres of WMA lands in five different WMAs. The application

¹⁰ Oral Comments Received During Scoping, eDocket No. 20143-97374- 01

¹¹ Written Comments Received During Scoping, eDocket No. 20143-97379- 01 to -02

states that one designated area of lowland hardwood Old Growth Forest is located within the Orange Route and the Blue Route.

Avoiding some of these resources may result in routing through areas with few or no existing transmission line rights-of-way.

Based on the above analysis, EERA staff believes that the advisory task force option is warranted for the Minnesota Power GNTL project.

In drawing this conclusion, EERA staff considered whether one, two or several 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,¹² shorter,¹³ and longer¹⁴ 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.¹⁵

EERA staff believes that given the dramatic changes in land use, population density, and ecology across the project area that multiple advisory task forces are warranted for the GNTL project. Several characteristics within the project area (land use, population density and ecology) appear to align themselves with the three Ecological Provinces (Aspen Parklands, Agassiz lowlands, and St. Louis Moraines) that occur across the project area. These coupled with the breaks in the segments of the proposed orange and blue route alternatives make for convenient break between advisory task focus areas, as note on the attached map.

EERA staff believes that three advisory task forces, divided in this manner, is logistically feasible and is preferable for gathering input from the counties, cities, and townships potentially affected.

EERA staff is recommending the establishment of three advisory task forces, one each for the west third, central third and east third of the project area. A proposed structure and charge for the Commission's consideration is attached.

EFP Staff Recommendation

EFP staff recommends that the Commission accept the route permit application for MP's Great Northern Transmission Line project as substantially complete. Additionally, EERA staff recommends that the Commission authorize the Department to establish three advisory task forces for the project consistent with the Department's draft structure and charge.

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¹² Bemidji to Grand Rapids 230 kV Transmission Line Project, at 68 miles in length (TL-07-1327).

¹³ Monticello to St. Cloud 345 kV Transmission Line Project, at 28 miles in length (TL-09-246).

¹⁴ Fargo to St. Cloud 345 kV Transmission Line Project, at 170 miles in length (TL-09-1056).

¹⁵ 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).

ADVISORY TASK FORCE
PROPOSED STRUCTURE & CHARGE

MINNESOTA POWER
GREAT NORTHERN TRANSMISSION LINE PROJECT

PUC DOCKET #E015/TL-14-21

May 16, 2014

Prepared by the Staff of the



INTRODUCTION and BACKGROUND

The Department of Commerce (Department) Energy Environmental Review and Analysis (EERA) staff has developed a proposed structure and charge for an advisory task force to assist the Department in the scoping of the environmental review for the Great Northern Transmission Line (GNTL) project.

The statutes and rules governing the review of Minnesota Power's Application for a HVTL Route Permit for the GNTL project (PUC Docket E015/TL-14-21) contain provisions for the establishment of an Advisory Task Force (ATF); these provisions can be found in Minn. Stat. 216E.08 and Minn. Rule 7850.2400, respectively.

For dockets undergoing review in accordance with the Power Plant Siting Act (Minn. Rule 7850.2400 and Minn. Stat. 216E.08, subdivision 1), the Commission has the authority to appoint a citizen advisory task force, determine its charge and size, and appoint its members.

The ATF may be comprised of as many persons as may be designated by the Commission, but shall include at least one representative from each of the following: Regional Development Commissions, counties and municipal corporations and one town board member from each county in which a route is proposed to be located.

The Commission must specify in writing the charge to the ATF upon appointment. The charge shall include the identification of additional routes or particular impacts to be evaluated in the environmental impact statement.

The ATF expires upon completion of its charge, designation of alternatives routes to be included in the EIS, or a date specified by the Commission, whichever occurs first. This termination language was added to Minn. Stat. 216E.08 during the 2001 legislative session (Chapter 212, article 7, section 18, 19).

STRUCTURE

The intent of the legislation in assuring that members of regional and local governments have a seat on the ATF is to ensure that conflicts with, or issues relative to, regional and local planning are identified for consideration. The advisory task force members will be solicited from the following:

A. West ATF:

- Northwest Regional Development Commission
- Headwaters Regional Development Commission
- Roseau County
- Lake of the Woods County – West
- Cedarbend Township
- Dieter Township
- Lake Township
- Pohlitz Township
- Roseau River Watershed District
- Warroad Watershed District
- Nature Conservancy
- Minnesota Forest Resources Council
- Northern Counties Land Use Coordinating Board

B. Central ATF

- Headwaters Regional Development Commission
- Arrowhead Regional Development Commission

Lake of the Woods County – East
Beltrami County
Koochiching County
Itasca County – North
Bigfork Township
Carpenter Township
Waskish Township
Nature Conservancy
Minnesota Forest Resources Council
Northern Counties Land Use Coordinating Board

C. East ATF

Arrowhead Regional Development Commission
Itasca County – East
Balasm Township
Greenway Township
Iron Range Township
Lawrence Township
Nashwauk Township
Trout Lake Township
City of Taconite
Nature Conservancy
Minnesota Forest Resources Council
Northern Counties Land Use Coordinating Board

Each of the Advisory Task Forces will be comprised of no more than 12 members.

CHARGE

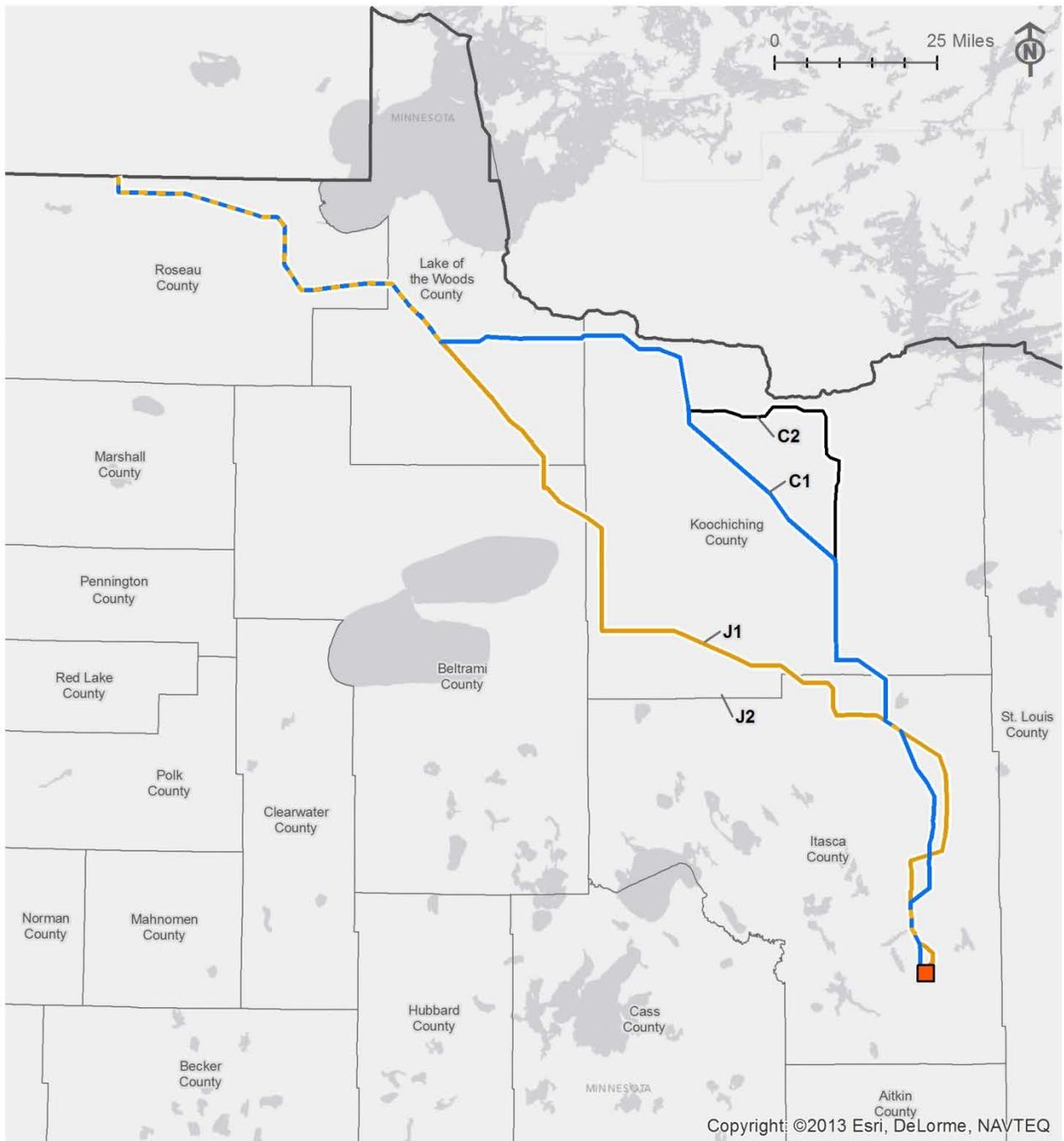
The Advisory Task Force members will assist the EERA staff in developing the scope of environmental review for the EIS being prepared for the GNTL project currently before the Commission (PUC Docket E015/TL-14-21).

Tasks relating to development of the scope of the environmental review will include:

1. Familiarize the membership of the ATF with the proposed project by reviewing the HVTL Route Permit application;
2. Review the Draft Scoping Document produced by the EERA staff;
3. Develop potential route or route segment alternatives, and
4. Develop specific impacts and issues of local concern that should be assessed in the EIS by adding detail to the Draft Scoping Document.

The Task Force will expire upon completing the above charge or upon designation of alternatives routes to be included in the EIS, whichever occurs first.

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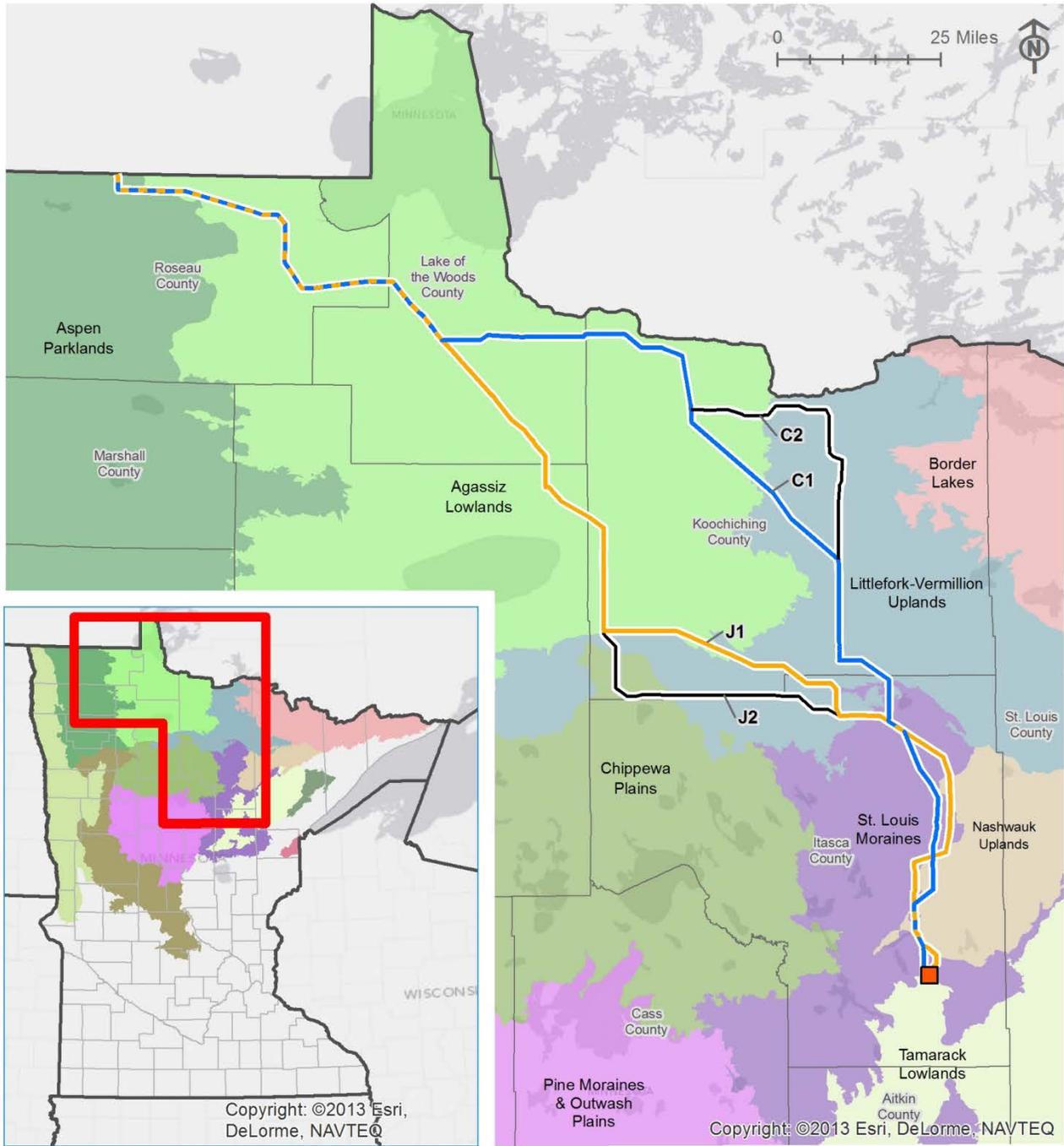


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Legend

- Blue Route
- Orange Route
- Segment Option
- Blackberry 500 kV Substation
- State Boundary
- County Boundary

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Legend

- | | | | |
|-----------------------|-------------------------------|--------------------------------|-----------------|
| Blue Route | Agassiz Lowlands | Nashauk Uplands | State Boundary |
| Orange Route | Aspen Parklands | Pine Moraines & Outwash Plains | County Boundary |
| Segment Option | Border Lakes | Red River Prairie | |
| Blackberry Substation | Chippewa Plains | St. Louis Moraines | |
| | Glacial Lake Superior Plain | Tamarack Lowlands | |
| | Hardwood Hills | Toimi Uplands | |
| | Littlefork-Vermillion Uplands | | |