MINNESOTA DEPARTMENT OF COMMERCE

In the Matter of the Application of Great River Energy and Minnesota Power for a Certificate of Need and Route Permit for the Motley Area 115 kV Transmission Line Project in Morrison, Cass, and Todd Counties, Minnesota

ENVIRONMENTAL ASSESSMENT SCOPING DECISION

DOCKET NO. ET2, E015/CN-14-853
DOCKET NO. ET2, E015/TL-15-204

The above matter has come before the deputy commissioner of the Department of Commerce (Department) for a decision on the scope of the environmental assessment (EA) to be prepared for the Motley Area 115 kV transmission line project proposed by Great River Energy and Minnesota Power in Morrison, Cass, and Todd counties.

Project Description

Great River Energy and Minnesota Power (applicants) propose to construct approximately 15.5 to 16.5 miles of new single circuit 115 kV transmission line from the existing Minnesota Power "24 Line" transmission line, south to the new Fish Trap Lake substation, near the city of Motley, Minnesota. The project also proposes the following, convert the existing Motley substation from 34.5 kV to 115 kV service, add a three way switch to the existing Motley substation, construct the new Fish Trap Lake substation, add breakers to the existing Dog Lake substation, construct a one-half mile transmission line to connect the Dog Lake substation and the Minnesota Power "24 Line," and install a three way switch for the anticipated future construction of the Shamineau substation.

Applicants are requesting a variable route width between 250 to 995 feet, depending on the existing land us on the adjacent properties. Applicants indicate that the new 115 kV line will require a permanent right-of-way (easement) of 100 feet. Transmission line structures for the new 115 kV line will be 60 to 90 feet in height, with the spans between structures in the range of 500 to 900 feet. Applicants indicate that construction on the project is anticipated to commence in fall 2016, and line energization is anticipated to occur in the summer of 2017.

Project Purpose

Applicants indicate in their application that the proposed project is needed to relieve potential overloads on the existing 34.5 kV transmission system near the city of Motley, MN and to serve a proposed, new oil pumping station in the area.

Regulatory Background

The applicants' proposed project requires two separate approvals from the Minnesota Public Utilities Commission (Commission) – a certificate of need (CN) and a route permit. The applicants submitted a joint certificate of need and route permit application to the Commission on March 19, 2015.[1] The applicants have submitted for, and are eligible for, the alternative

[1] Motley Area 115 kV Transmission Line Joint Application for Certificate of Need and a Route Permit, March 19, 2015, eDocket Numbers 20153-108405-01 , 20153-108405-02, 20153-108406-01 , and 20153-108407-01

process, which requires the preparation of an environmental assessment (EA). The Commission accepted the application as complete May 27, 2015.

Department of Commerce, Energy Environmental Review and Analysis (EERA) staff is responsible for conducting environmental review for CN and route permit applications submitted to the Commission.[2] As two concurrent environmental reviews are required – one for the CN and one for the route permit – the Department has elected to combine the environmental review for these two approvals.[3] An EA will be prepared to meet the requirements of both review processes.

Scoping Process

Scoping is the first step in the development of the EA for the project. The scoping process has two primary purposes: (1) to gather public input as to the impacts, mitigation measures, and alternatives to study in the EA, and (2) to focus the EA on those impacts, mitigation measures, and alternatives that will aid in the Commission's decisions on the CN and route permit applications.

EERA staff gathered input on the scope of the EA through a public meeting and an associated comment period. This scoping decision identifies the impacts and mitigation measures that will be analyzed in the EA, including route and site alternatives for the project. Additionally, this scoping decision identifies alternatives to the project itself that will be analyzed in the EA.

Public Scoping Meetings

Commission staff and EERA staff held a joint public information and environmental assessment scoping meeting on May 19, 2015, in the city of Motley, MN. Approximately 50 people attended the meeting. Comments were received from several people at the meeting. Comments included impacts and mitigation measures to study in the EA, including specific preferences for the proposed east and west route options.[4] Specific impacts suggested for study included, but were not limited to, impacts to property values, aesthetics, potential wildlife impacts, and livestock.[5]

Public Comments

A comment period, ending on June 3, 2015, provided the public an opportunity to submit comments on issues and alternatives for consideration in the scope of the EA. Comments were received from 11 members of the public, three state agencies, and one federal agency.[6,7] These comments included impacts and mitigation measures to study in the EA, including specific alignment alternatives to be evaluated and considered.

Commenters noted potential impacts to property values, aesthetics, view shed, wildlife, wetlands, the river, trees, and a beef cattle operation.

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[2] Minnesota Rule 7849.1200; Minnesota Rule 7850.3700.
[3] Minnesota Rule 7849.1900.
[4] Scoping and Informational Meeting Minutes, eDockets Number 20156-111508-03.
[5] Scoping and Informational Meeting Minutes, eDockets Number 20156-111508-03.
[6] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01.
[7] Minnesota Department of Transportation Comments, May 29, 2015, eDockets Number 20155-110935-01

Of the 11 written comments received from members of the public,[8] six alternatives were proposed. These alternatives are discussed further below.

Agency Comments

The Minnesota Department of Transportation (MnDOT) noted its accommodation policy for the placement of utilities along and across highway rights-of-way.[9] MnDOT indicated that the applicants' proposed route along U.S. Highway 10, south of the city of Motley may occupy a portion of the highway ROW.[10] MnDOT indicated that the soils along U.S. Highway 10 have a high sand composition and erode easily. Erosion control measures will need to comply with MnDOT'S Application for Utility Permit on Trunk Highway Right of Way (Form TP-2525) Special Provision II.[11] Further, MnDOT noted that areas of significant tree coverage exists along U.S. Highway 10, and that MnDOT's roadside vegetation management unit will need to review potential impacts to native plant communities, threatened and endangered plant species, specimen trees, and other woody vegetation along the U.S. Highway 10 ROW.[12]

The Minnesota Pollution Control Agency (MPCA) indicated that the project applicants must obtain a National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS), and some erosion control impact and mitigation measures identified by the applicant should be considered required rather than optional.[13] MPCA also noted that any contaminated soils or groundwater encountered during construction must be managed by the applicants, even if they are not responsible for the contamination.[14] MPCA would like to see the potential cumulative noise impacts evaluated if the proposed Fish Trap Lake substation and the proposed Fish Trap Lake pump station will be located close to each other.[15] Further, MPCA recommended that the applicants consider alternatives that cross fewer large expanses of wetlands, and also that the applicants consider utilizing creative approaches to erosion and sediment control in difficult areas as the project progresses.[16]

Minnesota Department of Natural Resources (DNR) recommended that cumulative total impacts be evaluated for the proposed Crow Wing River crossings along with the currently existing transmission line river crossings.[17] The DNR also recommends that Minnesota's Species Wildlife Action Plan (SWAP), Ecological Classification System (ECS), Native Plant Community (NPC), and Minnesota Biological Survey (MBS) data be utilized in the development of and the analyses completed in the EA.[18] DNR also requested that the EA evaluate Public Water crossing impacts, and potential avian collision risk posed by the proposed project.[19] DNR also identified

[8] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[9] Minnesota Department of Transportation Comments, May 29, 2015, eDockets Number 20155-110935-01
[10] Minnesota Department of Transportation Comments, May 29, 2015, eDockets Number 20155-110935-01
[11] Minnesota Department of Transportation Comments, May 29, 2015, eDockets Number 20155-110935-01
[12] Minnesota Department of Transportation Comments, May 29, 2015, eDockets Number 20155-110935-01
[13] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[14] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[15] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[16] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[17] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[18] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[19] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01

that DNR Land and Water Crossing Licenses may be necessary for portions of the proposed project, and coordination with the DNR Division of Lands and Minerals will be necessary to acquire these permits.[20]

The U.S. Fish and Wildlife Service (USFWS) provided comments clarifying that the Application has incorrectly stated that the northern long-eared bat tree clearing restrictions are shorter than the April 1 to September 30.[21] USFWS comments also provided clarification with regard to the Endangered Species Act, specifically interim 4(d) Rules, exemptions, and the Incidental Take Statement.[22]

System Alternatives to the Project
EERA received no comments recommending system alternatives to the proposed project.

Commission Review
After close of the public comment period, EERA staff conferred with the applicants on the alternatives proposed for study in the EA. On June 22, 2015, EERA staff provided the Commission with a summary of the EA scoping process.[23] The summary discussed the alternatives that were proposed during the scoping process and those alternatives that the Department intended to recommend for inclusion in the scope of the EA. On July 1, 2015, the Commission considered what action, if any, it should take with respect to the route alternatives to be considered in the EA. The Commission took no action.

HAVING REVIEWED THE MATTER, consulted with Department staff, and in accordance with Minnesota Rule 7850.3700, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

The issues outlined below will be analyzed in the EA for the proposed Motley Area 115 kV transmission line project. The EA will describe the project and the human and environmental resources of the project area. It will provide information on the potential impacts of the project as they relate to the topics outlined in this scoping decision, including possible mitigation measures. It will identify impacts that cannot be avoided and irretrievable commitments of resources, as well as permits from other government entities that may be required for the project. The EA will discuss the relative merits of the route and site alternatives studied in the EA using the routing factors found in Minnesota Rule 7850.4100.

The EA will include a description and analysis of the human and environmental impacts of the proposed project and alternatives to the project that would have otherwise been required by

[20] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[21] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[22] Written Comments on Scope of Environmental Assessment, eDockets Number 20156-111508-01
[23] Department of Commerce, Comments and Recommendations on EA Scoping Process, June 22, 2015, eDockets Number 20156-111666-01 .

Minnesota Rule 7849.1500 in an environmental report for a certificate of need. This includes evaluating matters of size, type, and timing that would not normally be included in an EA for a route permit application.

I. GENERAL DESCRIPTION OF THE PROJECT

A. Project Description
B. Project Purpose
C. Route Description
   1. Route Width
   2. Right-of-Way
D. Substation Description
E. Project Costs

II. REGULATORY FRAMEWORK

A. Certificate of Need
B. High Voltage Transmission Line Route Permit
C. Environmental Review Process

III. ENGINEERING AND DESIGN

A. Transmission Line Structures
B. Transmission Line Conductors
C. Substations

IV. CONSTRUCTION

A. Right-of-Way Acquisition
B. Construction
   1. Transmission Line
   2. Substation
C. Restoration
D. Operation and Maintenance

V. AFFECTED ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATIVE MEASURES

The EA will include a discussion of the human and environmental resources potentially impacted by the proposed project and the alternatives described herein (Section VI). Potential impacts, both positive and negative, of the project and each alternative will be described. Based on the impacts identified, the EA will describe mitigation 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.

Data and analyses in the EA will be commensurate with the importance of potential impacts and the relevance of the information to a reasoned choice among alternatives and to the consideration of the need for mitigation measures.[24] EERA staff will consider the relationship between the cost of data and analyses and the relevance and importance of

[24] Minnesota Rule 4410.2300.

the information in determining the level of detail of information to be prepared for the EA. Less important material may be summarized, consolidated or simply referenced.

If relevant information cannot be obtained within timelines prescribed by statute and rule, or if the costs of obtaining such information is excessive, or the means to obtain it is not known, EERA staff will include in the EA a statement that such information is incomplete or unavailable and the relevance of the information in evaluating potential impacts or alternatives.[25]

A. Environmental Setting
B. Socioeconomics
C. Human Settlements
    1. Noise
    2. Aesthetics
    3. Displacement
    4. Property Values
    5. Public Services
        a) Roads and Highways
        b) Utilities
        c) Emergency Services
    6. Electronic Interference
        a) Radio
        b) Television
        c) Wireless Phone / Internet Services
D. Public Health and Safety
    1. Electric and Magnetic Fields
    2. Implantable Medical Devices
    3. Stray Voltage
    4. Induced Voltage
    5. Air Quality
E. Land Based Economies
    1. Agriculture
    2. Forestry
    3. Mining
    4. Recreation and Tourism
F. Archaeological and Historic Resources
G. Natural Environment
    1. Water Resources
        a) Surface Waters
        b) Groundwater
        c) Wetlands
    2. Soils
    3. Flora
    4. Fauna
H. Threatened / Endangered / Rare and Unique Natural Resources

[25] Minnesota Rule 4410.2500.

I. Zoning and Land Use Compatibility
J. Electric System Reliability
K. Operation and Maintenance Costs that are Design Dependent
L. Adverse Impacts that Cannot be Avoided
M. Irreversible and Irretrievable Commitments of Resources

VI. ROUTES AND SITES TO BE EVALUATED IN THE ENVIRONMENTAL ASSESSMENT

The EA will evaluate the route and substation sites proposed by the applicants in their joint certificate of need and route permit application.

In addition, the following alignment alternatives will be evaluated in the EA (see attached maps).

East of Highway 10 alternative
The proposed project's common route to follow MN Highway 10 south of Motley may be placed on the east or west side of MN Highway 10, and remain within the applicants' proposed route.
The EA will include review and analysis of both sides of MN Highway 10 along the project's proposed common route.[26]

MP Land East River Crossing alternative
The MP Land East River Crossing alternative would cross the Crow Wing River approximately 100 to 200 yards south of the applicants' proposed crossing. The MP Land East River Crossing alternative would follow Azalea Road (Highway 26) further to the southeast, than the applicants' proposed alignment, in section 27 of Motley Township. Then the line would cross the Crow Wing River to the east to section 26 of Motley Township onto property owned by Minnesota Power Company, one of the applicants, and then the proposed route would travel north. The MP Land East River Crossing alignment alternative is located within the applicants' proposed project route, and will be analyzed during development of the EA.[27]

Old Tree Avoidance alternative
The common route of the proposed project extending east along the south side of Azalea Road, and an old large tree is located within the applicants' proposed route. The tree is located approximately a half mile east of MN Highway 10 on the south side of Azalea Road. The Old Tree Avoidance alternative would shift the applicants' proposed alignment south of the old large tree to avoid impacts to the large tree during construction and maintenance of the proposed project. The Old Tree Avoidance alignment alternative is located within the applicants' proposed project route, and will be analyzed during development of the EA.[28]

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[26] Alternatives Analyzed by DOC EERA Staff during EA Scoping, eDockets Number 20156-111732-01
[27] Alternatives Analyzed by DOC EERA Staff during EA Scoping, eDockets Number 20156-111732-01
[28] Alternatives Analyzed by DOC EERA Staff during EA Scoping, eDockets Number 20156-111732-01

VII. ALTERNATIVES TO THE PROPOSED TRANSMISSION LINE PROJECT

The EA, in accordance with Minnesota Rule 7849.1500, will describe and analyze the feasibility and availability of the following system alternatives, and the human and environmental impacts and potential mitigation measures associated with each:

A. No-build Alternative
B. Demand Side Management
C. Purchased Power
D. Transmission Line of a Different Size
E. Upgrading of Existing Facilities
F. Generation Rather Than Transmission
G. Use of Renewable Energy Sources

VIII. IDENTIFICATION OF PERMITS

The EA will include a list and description of permits from other government entities that may be required for the proposed project.

ISSUES OUTSIDE THE SCOPE OF THE ENVIRONMENTAL ASSESSMENT

The EA for the Motley Area 115 kV transmission line project will not consider the following:

A. Any route or site alternative not specifically identified for study in this scoping decision.
B. Any system alternative (an alternative to the proposed transmission line project) not specifically identified for study in this scoping decision.
C. Policy issues concerning whether utilities or local governments should be liable for the cost to relocate utility poles when roadways are widened.
D. The manner in which land owners are paid for transmission line right-of-way easements.
E. Of the alternatives proposed during the scoping process to mitigate potential impacts of the project, three route alternatives will not be included for further study in the EA:

Todd-Wadena alternative

The Todd – Wadena route alternative would utilize the Ward Substation, located west of the proposed Fish Trap Lake Substation, and extend a transmission line from the Ward Substation to the east to the proposed Fish Trap Lake Substation.

The Todd – Wadena alternative does not meet the stated needs for the project - it does not facilitate upgrading Crow Wing Power's Motley Substation. A route utilizing the Ward Substation, located west of the proposed Fish Trap Lake Substation, was considered and

rejected in the applicants' CN and Route Permit Application. Additionally, utilizing a route from the west of the proposed Fish Trap Lake Substation would require a second river crossing at the Long Prairie River, and the additional length of a route from the west and the necessary underbuild of existing transmission lines would result in greater project costs.

MN Highway 64 and MN Highway 10 alternative

The MN Highway 64 and MN Highway 10 alternative would hook into the Minnesota Power 24 Line directly north of the city of Motley at the lines intersection with MN Highway 64. The MN Highway 64 and MN Highway 10 alternative would then travel south along highways 64 and 10 through Motley.

Although this is a more direct route to the proposed Fish Trap Lake Substation, ultimately the total proposed project length does not become shorter. To meet the stated needs of the proposed project the proposed common route extending from MN Highway 10 east along Azalea Road to the Motley Substation must be completed to facilitate proposed substation upgrades. Thus, the MN Highway 64 and MN Highway 10 alternative does not reduce the total footprint of the proposed project.

Attempting to bring the proposed route through the city of Motley is problematic. Mr. Mark Strohfus addressed the issue of bringing the proposed route through Motley during the May 19, 2015, EA Scoping and Public Information Meeting. Mr. Strohfus stated that GRE did not consider following MN Highway 10 through Motley a viable build option because the proposed project will need a 100 foot wide right-of-way, and Highway 10 through downtown Motley is simply too crowded. Transmission lines have been sited through cities, such as in the Hiawatha and Chisago projects, where options for doing so are limited or not possible. However, in this case, options for avoiding downtown Motley are available.

Further East Toward Pillager alternative

The Further East Toward Pillager alternative, suggested no specific location or explanation of the impact(s) to be mitigated beyond general concerns which would apply to any property crossed by the project.

With no specific location or explanation of the alternative EERA staff was not able to analyze the alternative further, and the Further East Toward Pillager alternative will not be considered further in the development of the EA.

SCHEDULE

The EA is anticipated to be completed and available in October 2015. A public hearing will be held in the project area after issuance of the EA and is anticipated to occur in November 2015.

Signed this 14th day of July, 2015

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

William Grant, Deputy Commissioner

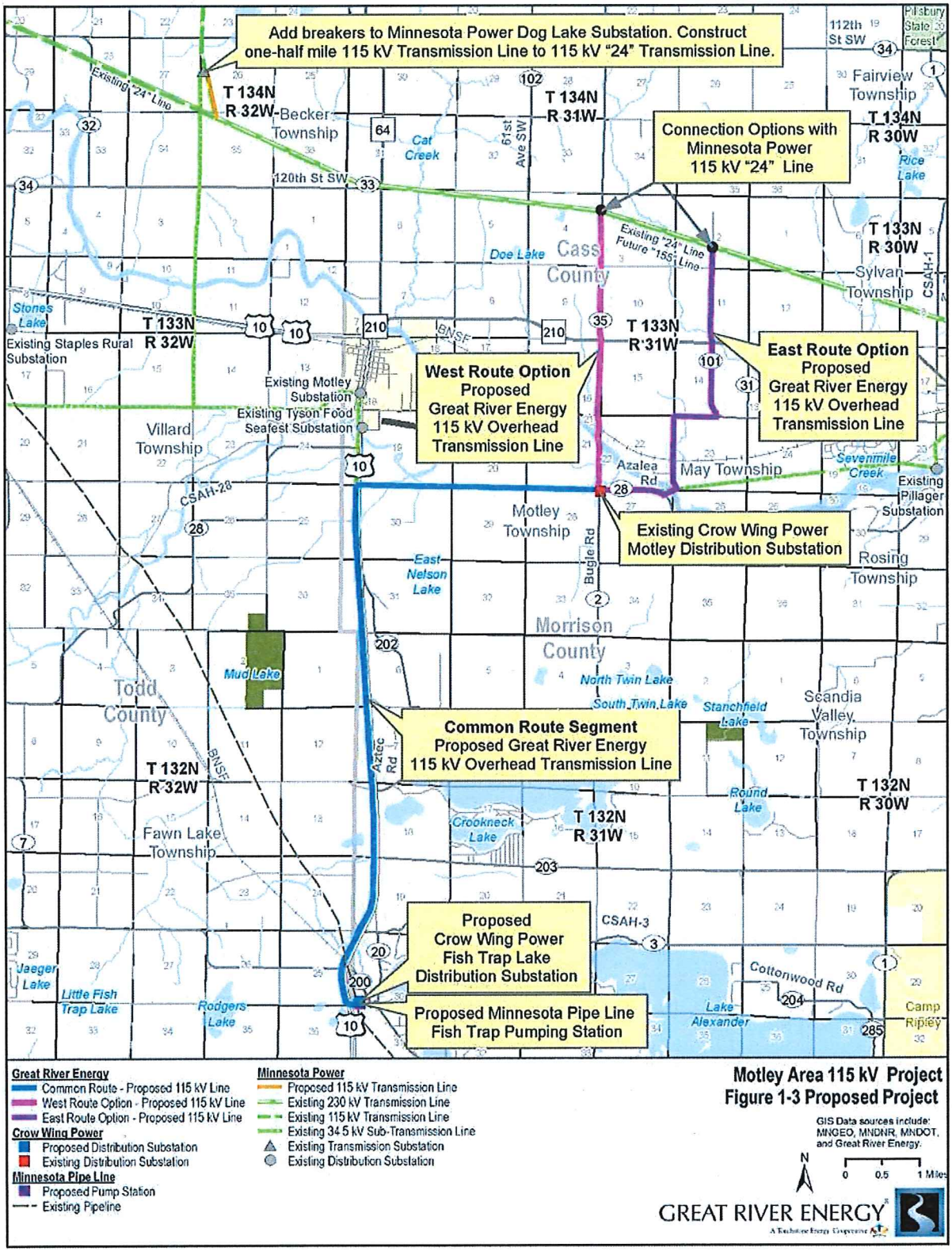
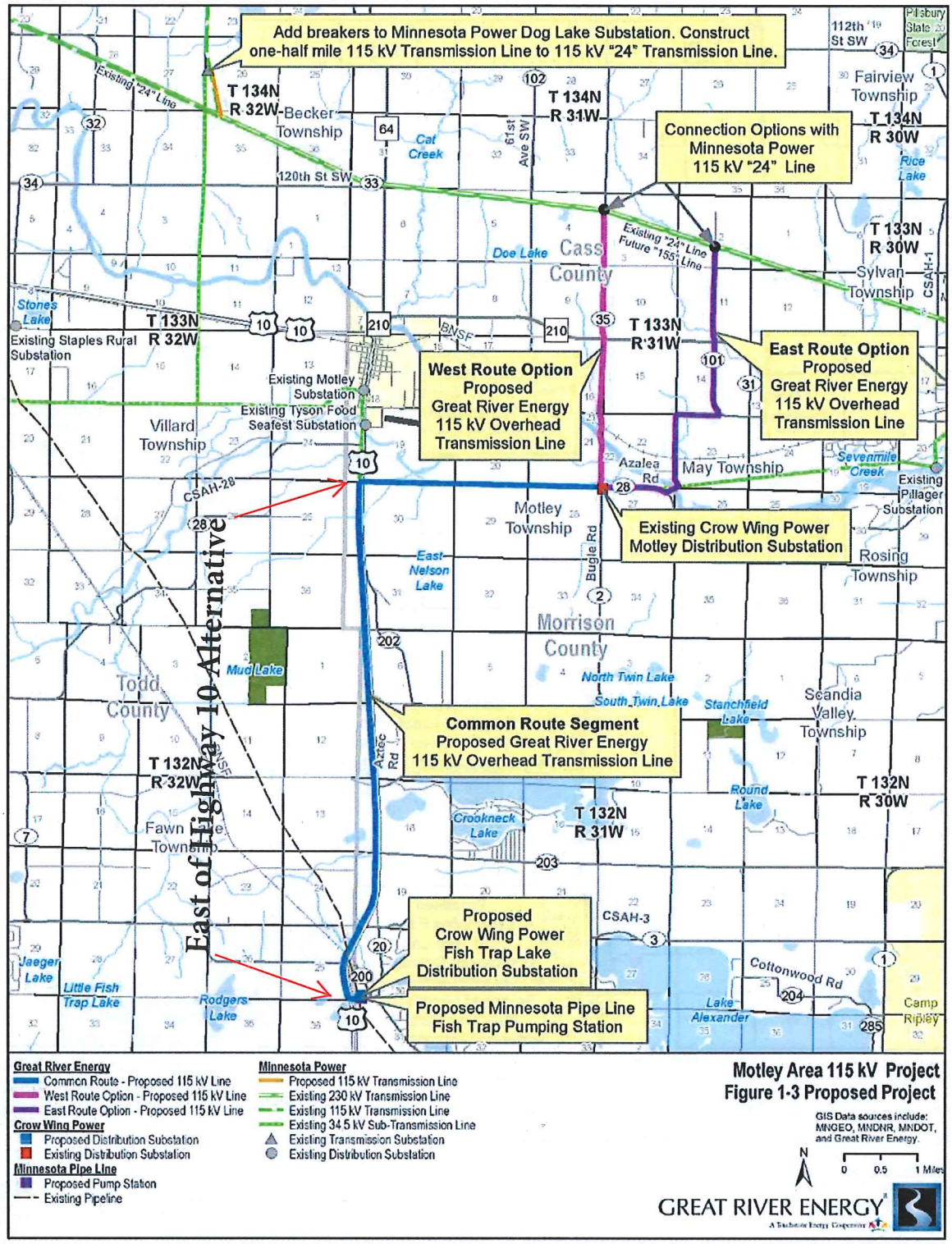
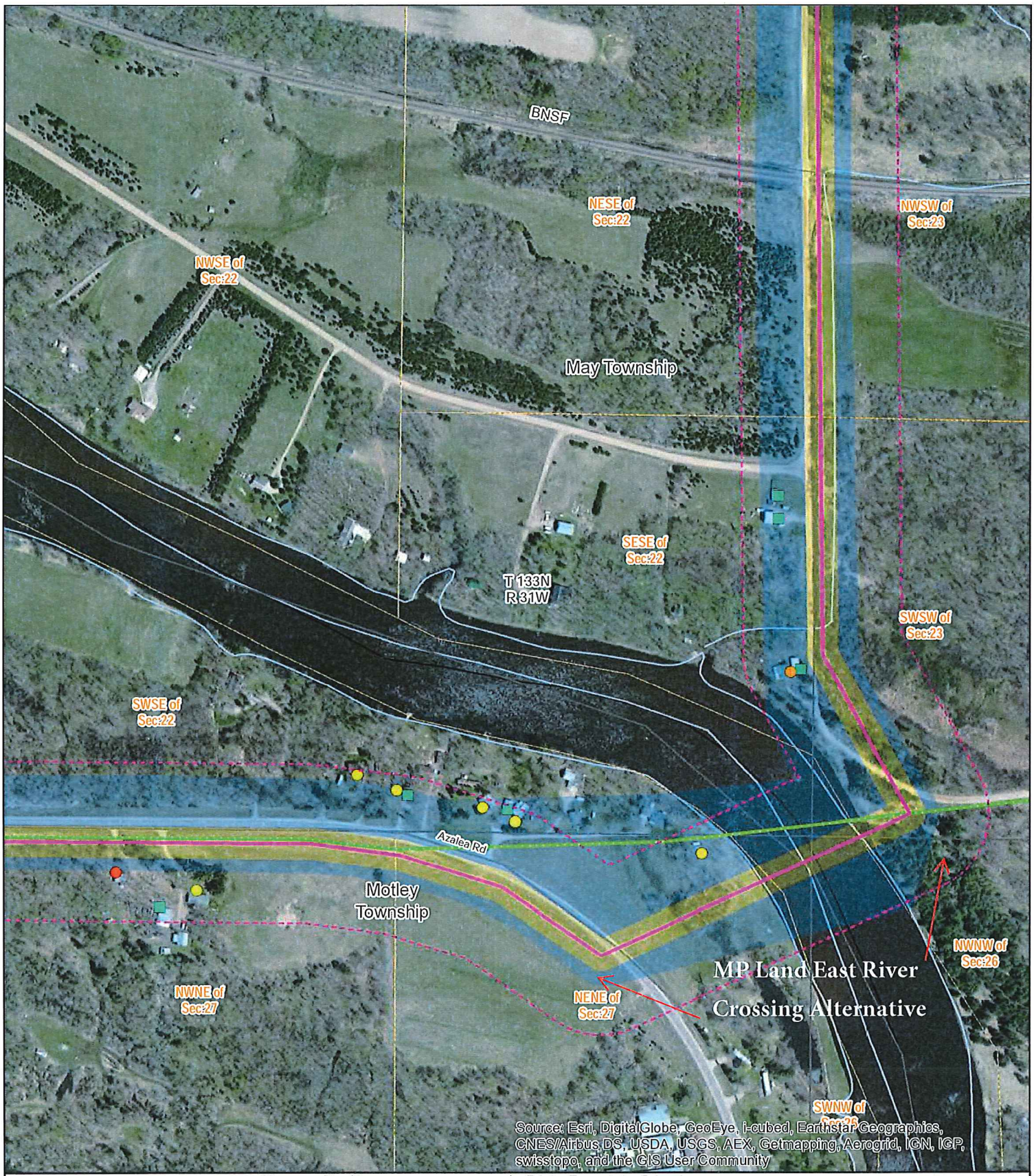

Add breakers to Minnesota Power Dog Lake Substation. Construct one-half mile 115 kV Transmission Line to 115 kV "24" Transmission Line.
Existing "24" Line
T 134N R 32W
Becker Township
T 134N R 31W
Connection Options with Minnesota Power 115 kV "24" Line
Fairview Township
T 134N R 30W
Cat Creek
61st Ave SW
120th St SW
Rice Lake
Existing "24" Line
Future "155" Line
Doe Lake
Cass County
T 133N R 30W
Sylvan Township
CSAH-1
Stones Lake
T 133N R 32W
Existing Staples Rural Substation
BNSF
T 133N R 31W
West Route Option Proposed Great River Energy 115 kV Overhead Transmission Line
East Route Option Proposed Great River Energy 115 kV Overhead Transmission Line
Existing Motley Substation
Existing Tyson Food Seafest Substation
Villard Township
Azalea Rd
May Township
Sevenmile Creek
Existing Pillager Substation
CSAH-28
Motley Township
Existing Crow Wing Power Motley Distribution Substation
Bugle Rd
East Nelson Lake
Rosing Township
Morrison County
Mud Lake
North Twin Lake
South Twin Lake
Stanchfield Lake
Scandia Valley Township
Common Route Segment Proposed Great River Energy 115 kV Overhead Transmission Line
Todd County
Aztec Rd
T 132N R 32W
T 132N R 31W
T 132N R 30W
Round Lake
Crookneck Lake
Fawn Lake Township
CSAH-3
Proposed Crow Wing Power Fish Trap Lake Distribution Substation
Jaeger Lake
Little Fish Trap Lake
Rodgers Lake
Cottonwood Rd
Lake Alexander
Camp Ripley
Proposed Minnesota Pipe Line Fish Trap Pumping Station
Great River Energy
Common Route - Proposed 115 kV Line
West Route Option - Proposed 115 kV Line
East Route Option - Proposed 115 kV Line
Crow Wing Power
Proposed Distribution Substation
Existing Distribution Substation
Minnesota Pipe Line
Proposed Pump Station
Existing Pipeline
Minnesota Power
Proposed 115 kV Transmission Line
Existing 230 kV Transmission Line
Existing 115 kV Transmission Line
Existing 34.5 kV Sub-Transmission Line
Existing Transmission Substation
Existing Distribution Substation
Motley Area 115 kV Project
Figure 1-3 Proposed Project
GIS Data sources include: MNGEO, MNDNR, MNDOT, and Great River Energy.
N
0 0.5 1 Miles
GREAT RIVER ENERGY

Figure 1-3. Proposed Project





Great River Energy
- Proposed Route
- Proposed Easement Area (100' width)
- Common Route - Proposed 115 kV Line
- West Route Option - Proposed 115 kV Line
- East Route Option - Proposed 115 kV Line
- Existing Transmission Substation

Crow Wing Power
- Proposed Distribution Substation
- Existing Distribution Substation

Minnesota Pipe Line
- Proposed Pump Station
- Existing Pipeline

Minnesota Power
- Proposed Route
- Proposed Substation Expansion
- Proposed 115 kV Transmission Line
- Existing 230 kV Transmission Line
- Existing 115 kV Transmission Line
- Existing 34.5 kV Sub-Transmission Line

- Existing Transmission Substation
- Existing Distribution Substation

Structure
- Residence 0-50' (0)
- Residence 50-100' (1)
- Residence 100-150' (1)
- Residence 150-250' (6)
- Commercial / Industrial 50-250' (0)
- Non-Residential Building 0-250' (6)
- 250' from Alignment

Motley Area 115 kV Project
Appendix F - Detailed Route Maps
Map Sheet 14 of 31

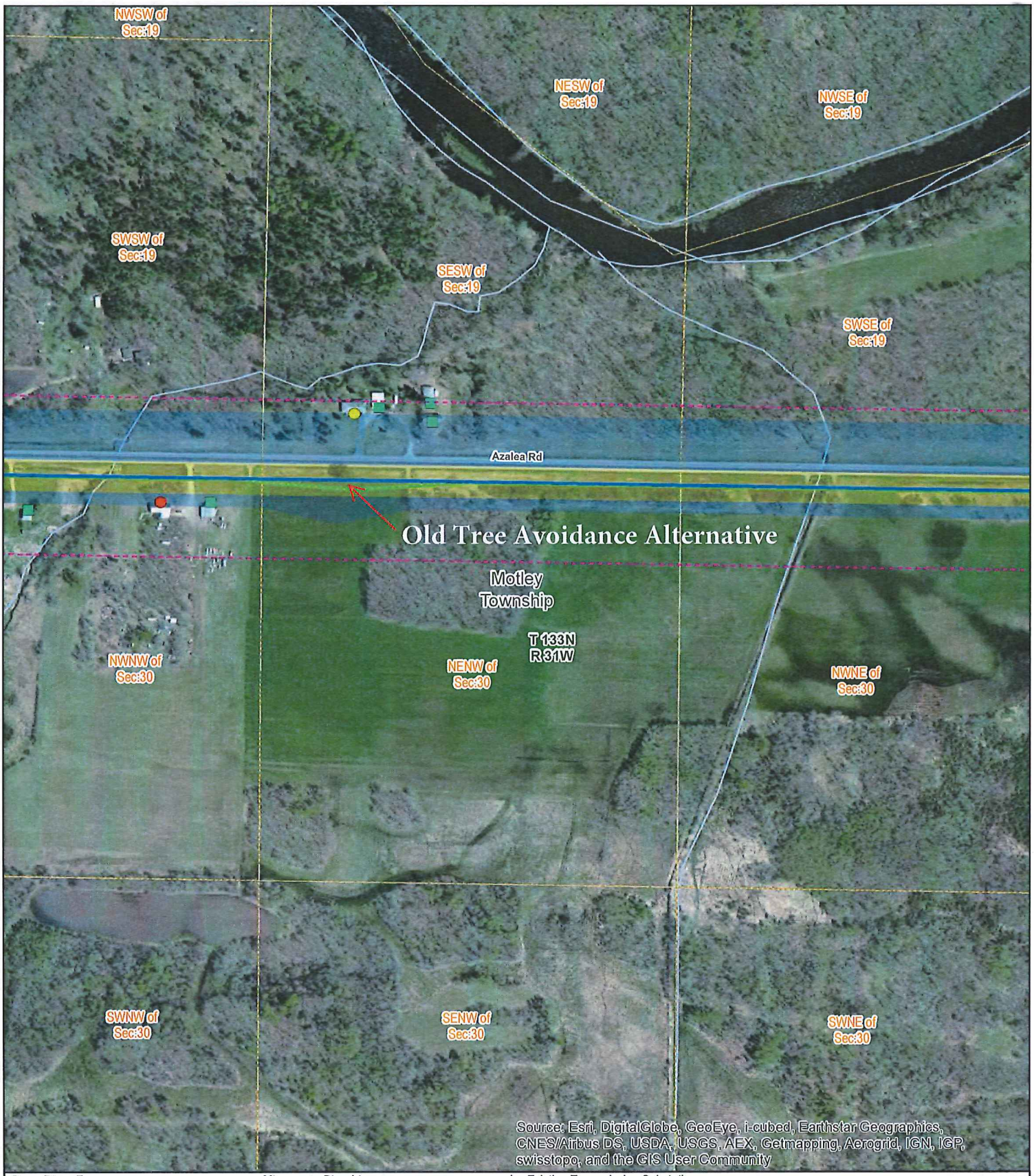
N

0 50 100 200 Feet

GIS Data sources include: MNGEO, MNDNR, MNDOT, and Great River Energy.

East Route Option Map 6

GREAT RIVER ENERGY
A Touchstone Energy Cooperative



Great River Energy
- Proposed Route
- Proposed Easement Area (100' width)
- Common Route - Proposed 115 kV Line
- West Route Option - Proposed 115 kV Line
- East Route Option - Proposed 115 kV Line
- Existing Transmission Substation

Crow Wing Power
- Proposed Distribution Substation
- Existing Distribution Substation

Minnesota Pipe Line
- Proposed Pump Station
- Existing Pipeline

Minnesota Power
- Proposed Route
- Proposed Substation Expansion
- Proposed 115 kV Transmission Line
- Existing 230 kV Transmission Line
- Existing 115 kV Transmission Line
- Existing 34.5 kV Sub-Transmission Line

- Existing Transmission Substation
- Existing Distribution Substation

Structure
- Residence 0-50' (0)
- Residence 50-100' (1)
- Residence 100-150' (0)
- Residence 150-250' (1)
- Commercial / Industrial 50-250' (0)
- Non-Residential Building 0-250' (5)
- 250' from Alignment

Motley Area 115 kV Project
Appendix F - Detailed Route Maps
Map Sheet 20 of 31

N

0 50 100 200 Feet

GIS Data sources include: MNGEO, MNDNR, MNDOT, and Great River Energy.

Common Route Map 5

GREAT RIVER ENERGY
A Touchstone Energy Cooperative