Energy Facility Permitting
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
ph 651.296.4026 | fx 651.297.7891
www.energyfacilities.puc.state.mn.us

November 2, 2011

Don Dewey
Itasca County Environmental Services
123 NE 4th St.
Grand Rapids, MN 55744

Carole Schmidt
Great River Energy
12300 Elm Creek Blvd.
Maple Grove, MN 55369

Re: Local Review of Shoal Lake 115 kV Transmission Line and Substation Project
Commission Docket Number: ET2/LR-11-1061

Dear Mr. Dewey and Ms. Schmidt,

Greetings. This letter confirms that the Minnesota Public Utilities Commission (Commission) has received notification that Great River Energy (GRE) intends to seek local review to construct a new 7.75-mile long 115 kilovolt (kV) transmission line and associated substation (Shoal Lake Substation). The project would be located in Itasca County, near the city of Nashwauk, Minn.

Under the Power Plant Siting Act, a permit from the Commission is required for transmission line projects over 100 kV (Minn. Stat. § 216E). However, local review and permitting is possible for eligible projects (Minn. Stat. § 216E.05). For such projects, a utility may apply to a local unit of government instead of the Commission for a permit to build the project. This letter confirms that GRE's proposed project is eligible for local review.

Based on the proposed location of the project, Itasca County is the local unit of government with jurisdiction to permit the project. GRE indicates that it submitted a zoning permit application to Itasca County for the project on October 26, 2011. A local unit of government may relinquish its permitting jurisdiction by requesting that the Commission assume jurisdiction within 60 days of the filing of an application with the local unit of government (Minn. Rules 7850.5300, Subp. 4).

An environmental review process, including the development of an environmental assessment (EA), must be conducted by a local unit of government with jurisdiction over the project (Minn. Rules 7850.5300). GRE indicates that Itasca County will be responsible for the environmental review process for the proposed Shoal Lake project.

Specific requirements with regard to the environmental review process include (Minn. Rules 7850.5300, Subp. 5; see enclosed local review guide):

(1) Providing an opportunity for the public to participate in the development of the scope of the environmental assessment before it is prepared,

(2) Publishing notice in the EQB Monitor when the assessment is available for review and the procedure for commenting on the assessment, and

(3) Withholding a final decision on the project until at least ten days after the notice appears in the EQB Monitor.

Itasca County must provide a copy of the environmental assessment to the Commission when it is completed (Minn. Rules 7850.5300, Subp. 5). Electronic filing (eFiling) of the environmental assessment is encouraged (https://www.edockets.state.mn.us/EFiling).

This letter confirms that GRE has sent the required notice to those persons on the Commission's general notification list that a permit has been applied for from a local unit of government (Minn. Rules 7850.5300, Subp. 3).

Please contact me with any questions.

Sincerely,

Ray Kirsch
raymond.kirsch@state.mn.us
651-296-7588

enclosure

cc: Burl Haar, Commission
Bob Cupit, Commission

Local Review of Energy Facilities – A Guide for Governmental Units, Utilities, and Developers

The Minnesota Public Utilities Commission (Commission) has responsibility and authority for the siting and routing of energy facilities in Minnesota, including power plants, transmission lines, wind farms, and pipelines. For certain eligible projects, local review and permitting is possible (Minn. Stat. § 216E.05). For these projects, a utility (or developer) may apply to a local unit of government instead of the Commission for a permit to build the project.

Minnesota Rule 7850.5300 provides the procedural requirements that must followed by local units of governments (LGUs) and by utilities/developers for the local review option. These requirements should be reviewed before initiating a local review process.

Applicant Responsibilities

The utility/developer (applicant) considering local review should first ensure that the project meets the eligibility requirements of Minn. Stat. 216E.05. Second, the applicant should discuss, with the applicable LGU(s), the environmental review process required by Minn. Rule 7850.5300 and the permits that will be required for the project.

The applicant must, within ten days of applying to an LGU for a permit, notify the Commission of their intent to seek local review for the proposed project. The notice should include:

(1) A complete description of the project,
(2) A project map,
(3) The LGU that will be conducting the environmental review for the project,
(4) The LGU(s) that will need to issue a permit for the project, and
(5) Contact information for the applicant and LGU(s).

The notice should be electronically filed through the Commission's eDockets system, https://www.edockets.state.mn.us/EFiling. Upon filing, the project will be assigned a docket number, which will be used to reference all future documents related to the project.

The applicant must also mail (by post or email) notice to the Commission's general notification list. This is a list of persons who have expressed an interest in local review projects. The list is available by contacting Department of Commerce, Energy Facility Permitting (EFP) staff. EFP staff acts as technical staff to the Commission and ensures compliance with local review procedural requirements. EFP staff contacts are listed on the Commission's energy facility permitting website. The staff person for local review projects is Ray Kirsch, 651-296-7588, raymond.kirsch@state.mn.us.

The notice to the general notification list, with an accompanying affidavit of service, should be electronically filed into the eDockets system (eFiled).

LGU Responsibilities

A local unit of government (LGU) that accepts a local review project[1], must conduct an environmental review of the project before making a permit decision. This review requires the preparation of an environmental assessment (EA). An EA is an environmental review document provided for by the Power Plant Siting Act; it is not an EAW (see Minn. Rule 7850.3700). The environmental review process

[1] An LGU may request that the Commission assume jurisdiction over a project by making a request to the Commission within 60 days of the permit application by the utility/developer, Minn. Rules 7850.5300, Subp. 4.

requires: (1) an opportunity for the public to develop the scope of the EA, and (2) notice in the EQB Monitor when the EA is completed and how persons may view the EA. An LGU may not make a permit decision until citizens have had a chance to review the EA (at least ten days after the EQB Monitor notice).

An environmental assessment should include, in an appendix, the following documents:

(1) Notice of the EA scoping meeting (e.g., copy of letter, newspaper notice)
(2) All comments received on the scope of the EA, including citizen comments and agency comments. If no comments were received (e.g., no citizen comments), then this should be noted.
(3) A scoping decision by the responsible LGU which outlines those topics which will be evaluated and discussed in the EA.

To ensure that citizens are aware of the proposed project and how they can participate, the LGU should provide notice of public meetings (scoping meeting and any other public meetings for the project) through: (1) newspaper notice and (2) direct notice to affected landowners/citizens. The LGU should develop and use a mailing list that includes potentially affected citizens and applicable state agencies. The LGU should use this mailing list to provide notice of the EA's completion and availability for review (in addition to placing notice in the EQB Monitor – most citizens do not regularly read the EQB Monitor).

The LGU which leads the environmental review process must provide a copy of the EA to the Commission when completed. The EA should be electronically filed. An LGU does not need to submit the permit that it issues for the project to the Commission.

eFiled Documents
Based on Minnesota Rule 7850.5300 and the above discussion of applicant and LGU responsibilities, the documents that should be eFiled for a local review project include:

(1) Applicant's notice to the Commission
(2) Applicant's notice to the general notification list with affidavit of service
(3) Notice in the EQB Monitor of the availability of the environmental assessment
(4) The environmental assessment for the project

Assistance from EFP Staff
After the applicant provides notice to the Commission and to the general notification list, EFP staff will send a letter to the applicant and applicable LGU(s) (1) affirming that the project is eligible for local review, (2) recognizing one LGU as responsible for the environmental review of the project, and (3) noting those LGUs which must issue a permit or approval for the project.

EFP staff is available to assist applicants and LGUs with questions concerning the local review process. Additionally, applicants and LGUs can review previous local review projects on the Commission's energy facility permitting website, see Local Review.

Frequently Asked Questions
(1) *What if a proposed project affects several LGUs, e.g., County A, County B, and City C?*
Each LGU will likely have a specific permit which is required for the project. For example, County A and County B may need to issue a conditional use permit; City C may need to issue a facility permit. However, there is only one environmental review process for the project; one EA is developed. The LGUs affected must agree on the LGU that will lead the environmental review process. This LGU will

create the EA. All of the LGUs will then use the EA in making their permitting decisions. Thus, by agreement, County A could develop the EA for the project. County A, County B, and City C would all use this EA to make their respective permitting decisions.

(2) *Can an applicant email notice to those persons on the general notification list that have provided email addresses?*
Yes, notice can be provided by email. The State of Minnesota provides notice by regular mail and solicits email addresses only for backup contact information. However, applicants can provide notice by a combination of email and regular mail. If an email address bounces, a regular mail address should be used.

(3) *How does an LGU place a notice in the EQB Monitor?*
The EQB Monitor is a biweekly publication managed by the Minnesota Pollution Control Agency. Notices for the EQB Monitor should be sent to: EQB.Monitor@state.mn.us. Staff contacts and the EQB publishing schedule are available on the EQB website: www.eqb.state.mn.us.

(4) *How does an LGU electronically file documents?*
Instructions for electronically filing (eFiling) documents with the Commission are included on the eDockets website: https://www.edockets.state.mn.us/EFiling. Click on "eFling Help," http://www.commerce.state.mn.us/eDocFile/eFilingHelp.html.