office of energy security

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November 10, 2010

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
127 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: **Comments and Recommendation of Office of Energy Security**
Energy Facility Permitting Staff
Docket No. E6675/MC-10-1086

Dear Dr. Haar,

Attached are the comments and recommendations of Office of Energy Security Energy Facility Permitting (OES EFP) staff in the following matter:

> In the Matter of the Application by ITC Midwest, LLC for a Minor Alteration to the Elk Substation in Nobles County, Minnesota.

Staff recommends authorization of the minor alteration request with a condition.

Staff is available to answer any questions the Commission may have.

Sincerely,

Ray Kirsch
OES EFP Staff

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS AND RECOMMENDATIONS OF THE MINNESOTA OFFICE OF ENERGY SECURITY ENERGY FACILITY PERMITTING STAFF

DOCKET NO. ET6675/MC-10-1086

Meeting Date: November 23, 2010 Agenda Item # _____

Company: ITC Midwest, LLC

Docket No. ET6675/MC-10-1086

In the Matter of the Application by ITC Midwest, LLC for a Minor Alteration to the Elk Substation in Nobles County, Minnesota.

Issue(s): Should the Commission authorize a minor alteration for the proposed Elk substation expansion? If so, what conditions, if any, should attach to the minor alteration?

OES Staff: Ray Kirsch…….…….....651-296-7588

Relevant Document(s)

ITC Midwest, LLC's Request for Minor Alteration Authorization…….……..October 12, 2010
Notice of Minor Alteration Application……...…. October 18, 2010

The enclosed materials are work papers of Office of Energy Security, Energy Facility Permitting (OES EFP) staff. They are intended for use by the Public Utilities Commission and are based on information already in the record unless otherwise noted.

This document can be made available in alternative formats (i.e., large print or audio) by calling 651-296-0406 (voice). Persons with hearing or speech disabilities may call Minnesota Relay at 1-800-627-3529 or by dialing 711.

Documents Attached

1. Project Overview Map

Additional documents and information can be found on eDockets: https://www.edockets.state.mn.us/EFiling/search.jsp (10-1086) and the Commission's energy facilities permitting website: http://energyfacilities.puc.state.mn.us/.

Statement of the Issues

Should the Commission authorize a minor alteration for the proposed Elk substation expansion per the provisions of Minnesota Rule 7850.4800? If so, what conditions, if any, should attach to the minor alteration?

Introduction and Background

ITC Midwest, LLC (ITC) is an independent electrical transmission company with a service area that includes Iowa and southern Minnesota. ITC owns and operates the Elk substation in Nobles County, Minn. The substation has been in operation for approximately 40 years. ITC is seeking to expand the substation to improve electrical system reliability in the area.

The proposed project includes: (1) expanding the current substation on ITC property and (2) adding new substation equipment, including transformers, breakers and a control building (see attached map).

The Elk substation is located just north of Worthington, Minn. The substation is sited on a 3.33 acre parcel owned by ITC. The proposed expansion will move the west substation fence 25 ft. westward. The fence, in its new location, will remain on ITC property. The expansion will increase the substation footprint from 1.07 acres to 1.23 acres, an increase of approximately 5 percent.

New substation equipment will be installed in the expanded substation site. The existing 35 megavolt-amperes (MVA) transformers will be replaced with new 100 MVA transformers. Two new 161/69 kilovolt (kV) breakers will be installed, and a new control building constructed. The estimated cost of the project is $5.1 million dollars.

Regulatory Process and Procedures

A minor alteration is a change in a large electric power generating plant or high voltage transmission line that does not result in significant changes in the human or environmental impact of the facility (Minn. Rule 7850.4800). Minnesota Rule 7850.4800 outlines the application, review, and public notice procedures to be used in seeking minor alteration authorization.

ITC filed a request with the Commission for minor alteration authorization for the project on October 12, 2010. On October 18, 2010, OES EFP staff, on behalf of the Commission, issued a notice of application for a minor alteration and associated comment period. Comments were sought on whether the proposed project is a minor alteration, and any conditions that may be appropriate should the project be authorized as a minor alteration. The comment period closed on November 8, 2010. No comments were received.

The Commission may authorize the minor alteration or determine that the alteration is not minor and requires a full permitting decision (Minn. Rule 7850.4800, Subp. 3). The Commission may authorize the minor alteration but impose reasonable conditions on the approval (Minn. Rule 7850.4800, Subp. 3).

OES EFP Staff Analysis and Comments

Minor Alteration

ITC's request for minor alteration authorization has been reviewed by OES EFP staff. The request provides adequate information for staff to conclude that the proposed project would not result in significant changes in the human or environmental impacts of the existing Elk substation and is eligible for authorization as a minor alteration.

The Elk substation will be expanded on property owned by ITC. The property is rocked or in grassland; thus, there will be no agricultural or forest impacts due to construction. The loss of wildlife habitat will be minimal. The substation is accessed by an existing road on ITC property; vehicles can reach the substation site without crossing private lands. Accordingly, impacts to adjacent landowners due to construction will be minimized. There may be noise and dust impacts due to construction, but these impacts do not rise to the level of a "significant change."

The project is an expansion of an existing substation on a single parcel of land. Thus, aesthetic impacts will be minimized, i.e., the project does not introduce wholly new impacts into an undisturbed landscape. There will be an incremental visual impact due to operation of an expanded substation, but this impact is not anticipated to be significant. The new, larger transformers will create an incremental noise impact, but this impact is not anticipated to be significant.[1]

No public comments were received on the proposed project. Accordingly, OES EFP staff concludes that the project is eligible for authorization as a minor alteration.

[1] The new 100 MVA transformers are estimated to be approximately three to five decibels (dB) louder than the current 35 MVA transformers. See, NEMA Standards Publication No. TR1-1993 (R2000), Transformers, Regulator, and Reactors, http://www.nema.org/stds/tr1.cfm. This difference would be perceived as noticeable next to the transformers but not at a distance. Typically, transformers in Minnesota meet Minnesota Pollution Control Agency noise standards at the substation site boundary. The nearest residence to the Elk substation is more than 600 ft. from the site boundary.

Conditions
OES EFP staff believes it would be appropriate to attach a reporting condition, common to transmission line routing permits, to authorization of this minor alteration. OES EFP staff recommends the following condition:

A. Notification to Commission.

1. At least ten days before the expanded substation is to be placed into service, ITC shall notify the Commission of the date on which the substation will be placed into service and the date on which construction was complete.

2. At least ten days before the expanded substation is to be placed into service, ITC shall verify that construction of the substation is consistent with the site plan and drawings submitted with ITC's request for minor alteration authorization. If ITC anticipates significant changes to this plan, it shall notify the Commission at least ten days before implementing the changes.

3. Within 60 days after completion of construction, ITC shall submit to the Commission updated geo-spatial information for the substation.

Commission Decision Options

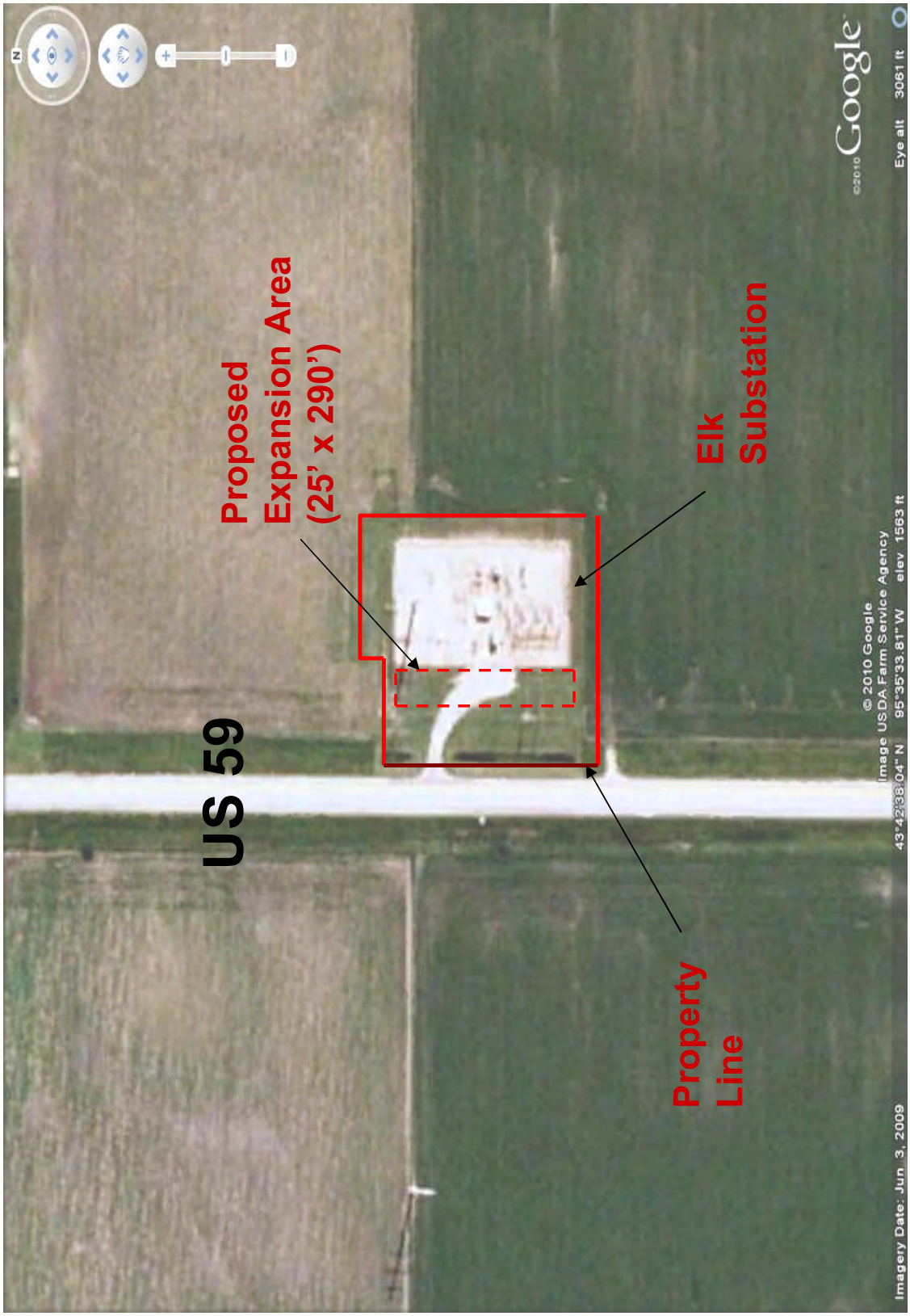
A. Authorize the minor alteration request for the Elk substation expansion without conditions.

B. Authorize the minor alteration request for the Elk substation expansion with condition A noted above.

C. Determine that the alteration is not minor and requires a full permitting process.

D. Make some other decision deemed more appropriate.

OES EFP Staff Recommendation: Staff recommends option B.



Elk Substation Expansion
ITC Midwest - Nobles County, Minn.