BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Marshall Johnson	Commissioner
Ken Nickolai	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Certificates of Need for Four Large High Voltage Transmission Line Projects in Southwestern Minnesota

ISSUE DATE: July 13, 2004

DOCKET NO. E-002/CN-01-1958

ORDER APPROVING DESIGN CHANGE, ENCOURAGING TECHNICAL DISCUSSIONS, AND REQUIRING UPDATE

PROCEDURAL HISTORY

On March 11, 2003, the Commission issued an Order in this case granting Xcel Energy (Xcel or the Company) certificates of need for four high-voltage transmission lines to carry wind-generated electricity from the Buffalo Ridge area to other parts of the Company's service area.

On May 5, 2004, Xcel filed a notice under Minn. Rules, part 7849.0400, subp. 2 H, stating that the Company had determined that it was necessary to make a design change to two of the four lines, the Chanarambie - Nobles 115 kV line and the Buffalo Ridge - White 115 kV line. The Company proposed to reconfigure the conductors on these lines, using two bundled 795 ACSS conductors instead of the single 795 ACSS conductors originally proposed.

On May 7, 2004, the Commission issued a notice soliciting comments on the proposed design change and setting comment periods. The following parties filed comments:

- Xcel Energy
- Minnesota Department of Commerce
- Rural Minnesota Energy Task Force
- Izaak Walton League of America, Minnesotans for an Energy Efficient Economy, American Wind Energy Association, and North American Water Office, filing jointly
- Communities United for Responsible Energy and Public Intervenors Network, filing jointly

On June 24, 2004, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. The Legal Standard

Under Minn. Rules, part 7849.0400, subp. 2 H., an applicant who wishes to make a change in the size, type, timing, or ownership of certified projects (with exceptions specified in the rules) must file the proposed change for Commission review, serving all parties to the original certificate of need case.

The Commission must then determine whether the proposed change could reasonably have resulted in a different outcome if it had been proposed during the original proceeding. If so, the Commission must order additional hearings. If not, the Commission may approve the proposed change without further hearings.

II. Positions of the Parties

A. Xcel Energy

The Company stated that the purpose of the design change was to increase the two lines' interconnection capacity to accommodate greater-than-expected growth in wind-generation facilities on Buffalo Ridge, especially in the vicinity of these two lines.

While increasing the two lines' interconnection capacity would not increase the total output capacity of the four new lines, it would permit the interconnection of more wind projects in areas where those projects were highly concentrated. It would also forestall the need to build new transmission lines parallel to these two lines when infrastructure improvements increasing total outlet capacity from Buffalo Ridge were ultimately built.

B. The Department of Commerce

The Department of Commerce examined the proposed design changes and supported them, stating that they would not have changed the Department's position, or the Commission's decision, if they had been proposed in the original proceeding.

C. Rural Minnesota Energy Task Force

The Task Force supported the proposed design changes, stating that these changes would enable Xcel to respond more effectively to increased wind development on Buffalo Ridge and would promote the development of small, locally-owned wind generation in the area.

D. Izaak Walton League of America, Minnesotans for an Energy Efficient Economy, American Wind Energy Association, and North American Water Office

These parties supported the proposed design changes as necessary first steps toward attaining the transmission infrastructure needed to support wind development on Buffalo Ridge. They emphasized the need for further infrastructure improvements.

These parties also asked the Commission to require an update from Xcel on the status of its negotiations with the Western Area Power Administration on interconnecting the new Buffalo Ridge - White line with the White Substation in South Dakota.

E. Communities United for Responsible Energy and Public Intervenors Network

These parties raised several technical, engineering questions for the first time at hearing, explaining that resource constraints had precluded them from meeting the comment deadlines set in the May 7 *Notice of Comment Periods*. They did not support or oppose the proposed design change, but urged the Commission to explore their technical questions before acting on the proposed design change.

III. Commission Action

A. Design Change Approved

The Commission concurs with the Department of Commerce that the design change proposed by the Company could not reasonably have changed its decision on the merits of the certificate of need application. That decision was based on two fundamental determinations: (1) that the four transmission lines were needed to transmit wind generation required under state legislative directives; and (2) that the public interest required placing conditions on the certificates of need to ensure that the lines would in fact be used for that purpose.

The design change would not have affected either determination. The bundled-conductor configuration proposed by the Company would not have affected the first determination, because it would not have reduced the Company's ability to transmit the wind generation required under state law. In fact, it would have enhanced that ability by increasing the number of wind generators that could interconnect with the transmission system.

Similarly, the bundled-conductor configuration would not have affected the second determination, because it would not have reduced the likelihood that the new transmission lines would be used to carry wind generation. In fact, it would have increased that likelihood by increasing interconnection opportunities in areas where wind generators were most heavily concentrated.

Finally, the bundled-conductor configuration would not have affected the new lines' ability to interconnect with small, locally-owned, aggregated wind-generation facilities, an important factor in the Commission's analysis of the lines' socioeconomic effects.

For all these reasons the Commission concludes that it would not have reached a different decision on the merits of the certificate of need application if the Company had proposed the bundled-conductor configuration from the start. For the same reasons, the Commission concludes that the new configuration will serve the public interest more effectively than the one originally proposed. The design change will therefore be approved without further hearings.

B. Meetings on Engineering Issues Encouraged

Xcel offered to meet with Communities United for Responsible Energy (C.U.R.E.), Public Intervenors Network (PIN), and any other interested persons to review the engineering facts and assumptions underlying the design change, as well as the effects of the design change on the operation of the transmission system.

The Commission concurs with C.U.R.E. and PIN that open communication and information-sharing between stakeholders can only benefit the regulatory process and encourages the parties to followup on this offer.

C. Update on Interconnection Agreement Negotiations Requested

Several parties requested an update on the ongoing negotiations between Xcel and the Western Area Power Administration on interconnecting one of the four new lines with the White substation in South Dakota. The Commission will require an update in the Company's upcoming resource plan filing.

D. Conclusion

For the reasons set forth above, the Commission will approve the design change proposed by the Company, encourage technical discussions between the Company and interested stakeholders, and require the Company to include in its upcoming resource plan filing an update on its interconnection negotiations with the Western Area Power Administration.

The Commission will so order.

ORDER

1. The Commission hereby approves the bundled-conductor design change proposed by Xcel in its filing of May 5, 2004.

2. The Commission encourages the technical discussions between Xcel and interested stakeholders proposed by the Company.

3. In its next resource plan filing Xcel shall include an update on its negotiations with the Western Area Power Administration regarding the interconnection of the Buffalo Ridge - White line with the White substation.

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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