

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE
OFFICE OF ENERGY SECURITY

In the Matter of the Route Permit
Application for the Potato Lake 115 kV
Transmission Line and Substation in Park
Rapids, Minnesota

**SUMMARY OF
PUBLIC COMMENTS**

Procedural Background

A public hearing in this matter was held September 29, 2010, by Administrative Law Judge Kathleen D. Sheehy at the Century Middle School, 501 Helten Avenue, Park Rapids, Minnesota. The hearing was held pursuant to a Notice of Public Hearing issued on September 10, 2010.¹

Dan Lipschultz, Attorney at Law, Moss and Barnett, appeared for Great River Energy (GRE), the Applicant. Also participating for GRE were Michelle Lommel, Senior Field Representative with the Land Rights Department; Marsha Parlow, Transmission Analyst; Tim Mickelson, Planning Engineer; and Jim McGuire, Senior Design Engineer. Scott Ek, State Permit Manager, 85 7th Place East, Suite 500, St. Paul, MN 55101, appeared for the Energy Facility Permitting Staff, Office of Energy Security, Department of Commerce (OES or Department). Michael Kaluzniak, Senior Energy Facility Planner for the Minnesota Public Utilities Commission, also attended the public hearing.

Approximately 48 members of the public signed attendance registers at the hearing. The public was advised that, in addition to making comments at the hearing, they could also submit written comments to the Administrative Law Judge until October 11, 2010, as stated in the Notice of Public Hearing.² The Administrative Law Judge extended the deadline for submission of written comments to October 12, 2010, after a member of the public pointed out that October 11, 2010, was a federal holiday, and post offices would be closed.³

At the outset of the public hearing, Mr. Ek described the environmental review process, the appointment of the advisory task force, the scoping meeting, and the

¹ Ex. 21.

² Transcript (Tr.) at 4-5.

³ Notice of Extension of Time for Submission of Written Comments (Oct. 7, 2010).

preparation of the Environmental Assessment.⁴ He offered Exhibits 1 through 24, which document the process from the filing of the petition through notice of the public hearing.

Michelle Lommel then introduced the participants from GRE, described the alternatives addressed in the Environmental Assessment, and stated that Route A continues to be GRE's preferred route, although it was open to considering alternative Route B. She stated that GRE does not believe that Route C meets the statutory criteria, given its negative environmental impacts and failure to follow existing rights-of-way.⁵ There were then several comments and questions from the public.

I. The Project

1. GRE proposes to construct a new 7.25-mile 115 kV single-circuit overhead transmission line and 115 kV substation in Park Rapids, Minnesota. The proposed Potato Lake substation would be located in Arago Township, and the transmission line would connect the substation to a tap point on GRE's existing Mantrap Sub Tap 34.5 kV transmission line in Lake Emma Township. The transmission line would be operated at 34.5 kV until conversion to 115 kV becomes necessary.⁶

2. Route A would exit the new Potato Lake Substation along U.S. Highway 71 and proceed south paralleling the highway for approximately 1.5 miles to 230th Street (Northern Pine Road); turn east along 230th Street for approximately 1.5 miles to 141st Avenue; south approximately one mile along 141st Avenue to County Highway 18; then east paralleling County Highway 18 for approximately 3.25 miles to County Highway 4 and the proposed three-way switch on the existing 34.5 kV line in Lake Emma Township. The total length of this route would be 7.25 miles.⁷

3. Route B would exit the new Potato Lake Substation along U.S. Highway 71 and proceed south paralleling the highway for approximately 1.5 miles to 230th Street; east along 230th Street for approximately two miles; south for approximately one mile following the boundary between sections 35 and 36 of Arago Township to County Highway 18; then east paralleling County Highway 18 for approximately 2.75 miles to County Highway 4 and the proposed three-way switch on the existing 34.5 kV line in Lake Emma Township. The total length of this route would be approximately 7.25 miles.⁸

4. Routes A and B would parallel County Road 18 for approximately three miles, proceeding east past the south end of Potato Lake, where the Potato River enters the lake at the Potato Lake Dam. There are a number of residences located in the relatively narrow area between the road and the lake, as well as on the other (south) side of the road.⁹ The distribution lines that run along County Road 18 in this area are

⁴ Tr. at 7-9; Ex. 19.

⁵ Tr. at 10-11.

⁶ Ex. 19 at i.

⁷ Ex. 19 at page 6 and Figures 4A-1 to 4A-6.

⁸ *Id.* at page 6 and Figures 4A-1 to 4A-3, 4B-1 to 4B-2, and 4A-5 to 4A-6.

⁹ Ex. 19 at Figure 5.

buried. Residents who live along this stretch of County Road 18 strongly oppose Routes A and B.

5. Route C, which was proposed by the Advisory Task Force, would locate the new Potato Lake Substation in one of three locations in the northern one-half of sections 5 and 6 of Arago Township, along U.S. Highway 71; proceed north along the highway for approximately one mile; east along the north-south boundaries of Arago/Clover and Lake Emma/Clay townships through undeveloped forest and wetland for approximately 8 miles; then south for approximately 6.6 miles along County Highway 4, terminating at the proposed three-way switch on the existing 34.5 kV line in Lake Emma Township. The total length of this route would be approximately 13 miles.¹⁰

6. Route C, which is almost twice as long as Routes A and B, would require clearing of undeveloped forest and wetland from the substation site to County Road 4, a distance of approximately eight miles. It would then proceed south on County Road 4 to the point of termination in Lake Emma Township. There are a number of residences located along County Road 4, which curves past Pickerel Lake and Blue Lake.¹¹ The distribution lines that run along County Road 4 in this area are above ground. Residents who live along this stretch of County Road 4 strongly oppose Route C.

II. Public Hearing Comments.

A. Comments by Persons Owning Property on County Road 18.

7. A number of persons who spoke at the public hearing questioned the need for the substation and transmission line. Many pointed to the downturn in construction during the current economic recession.¹² Another person wondered whether a new generation technology (called a “Bloom box”) would eliminate the need for any high-voltage transmission lines in the near future. He questioned why GRE would build a 115 kV line now that would not be needed for ten to 20 years, when the alternative technology might be available during that timeframe.¹³

8. One resident asked GRE to be more precise about the width of the proposed easement and the amount of tree clearing that would be required along County Road 18.¹⁴ GRE responded that it would require an easement of 55 feet from the center line of the roadway, or five feet from the edge of the road right-of-way. It would generally require the removal of all vegetation within the easement area, but stated that it might be able to negotiate with individual landowners about vegetation removal in specific areas.¹⁵ The resident then inquired whether an easement would revert back to the landowner, if in the future GRE determined that it no longer needed

¹⁰ Ex. 19 at pages 6-7 and Figures 4C-1 to 4C-11.

¹¹ Ex. 19 at Figure 5.

¹² Tr. at 64 (Rothermel); 70 (Miller); 73, 75 (Shaw); 89 (Odor).

¹³ Tr. at 14-15 (Firehammer).

¹⁴ Tr. at 21 (Holt).

¹⁵ Tr. at 21-22.

the transmission line. GRE indicated that any easement would revert to the landowner in that circumstance.¹⁶

9. Another person, Sandra Stugelmeyer (speaking on behalf of parents Berneva and Merwin Schield, who live on County Road 18), inquired whether utility easements for the distribution lines on County Road 4 were adequate for a transmission line.¹⁷ GRE responded that easements for the distribution system are typically much narrower than for transmission lines, and GRE would have to acquire new easements on County Road 4 if Route C were selected.¹⁸

10. The same resident inquired whether GRE had attempted to estimate the value of tourism dollars that would be lost if the transmission line were located on County Road 18, which travels through the heart of the lakes region; and whether GRE had estimated the cost of acquiring the necessary easements.¹⁹ GRE responded that it had not made a calculation of lost tourist dollars to the community and that its focus would be on calculating compensation for individual property owners for the loss of trees on their property. Its preliminary calculation of the cost of obtaining necessary easements is contained in the application.²⁰

11. Sandra Stugelmeyer also questioned whether there is a residence on County Road 89 where it would intersect with Route C, as indicated on Figure 5 of the Environmental Assessment. She stated she drove up County Road 89 and saw no residence at that location.²¹ In addition, Ms. Stugelmeyer questioned why the Environmental Assessment mentioned swan and eagle flyways along Route C, but did not mention anything about swans and eagles at the Potato River Dam. Mr. Ek responded that information provided by the U.S. Fish and Wildlife Service and the Department of Natural Resources did not indicate the existence of a flyway at the Potato Lake Dam.²²

12. Another member of the Schield family asserted that the higher cost of Route C would be spread over many people and many years, and it was worth the money to preserve the scenic beauty of Park Rapids. She stated that the least-cost route might be the most expensive in terms of aesthetic and property values, because property on Potato Lake is more valuable than property on lakes off of County Road 4. She stated that there would be less of a financial impact on property owners along Route C.²³

13. Ms. Stugelmeyer questioned why much of the information cited in the Environmental Assessment came from GRE.²⁴ Mr. Ek responded that OES obtained

¹⁶ Tr. at 23.

¹⁷ Tr. at 25 (Stugelmeyer).

¹⁸ Tr. at 25-26.

¹⁹ Tr. at 26-27 (Stugelmeyer).

²⁰ Tr. at 26-28.

²¹ Tr. at 30.

²² Tr. at 35-36.

²³ Tr. at 90 (Odor).

²⁴ Tr. at 93 (Stugelmeyer).

much of the information from the Department of Natural Resources and used GRE's mapping program to place the layers of information together. In addition, OES independently examines all the data submitted by any applicant.²⁵

14. Another resident noted that the beauty of the area and its pristine setting was what initially attracted visitors and families to the area and provided the reason for many to return to the area for retirement. She did not believe the Environmental Assessment gave sufficient weight to the impacts on the cultural and aesthetic values of the region. In addition, she questioned the need for a 115 kV transmission line, and she made the point that Route C would use several miles of public land and would eliminate the need to take easements from private property owners. She also stated that the existing buildings on Route C were already impacted by distribution lines. Whichever route is selected, this resident urged that lines be placed with discretion, as close to the road as possible, that as many trees be left standing as possible, that poles be located as far apart as possible, and that pole height be as low as possible while meeting safety standards.²⁶

15. Two speakers asserted that GRE should push harder to educate its customers about energy conservation and load management instead of building transmission lines. One made the point that only 200,000 of GRE's 639,000 services are on the load management program.²⁷

16. Several speakers commented that a number of residences north and south of County Road 18 in the area of the Potato Lake Dam are located very close to the road, and a loss of tree cover within the 55-foot easement would have a significant impact on the privacy and beauty of these residences.²⁸

17. Relatives of Gordon Ruhnke, who lives at 15397 County Road 18, described his home as being located 100 feet from the road center line. He and his wife planted trees in front of their home 60 years ago, and the trees are now 50 to 70 feet tall. Mr. Ruhnke is disabled and homebound, and his wife died recently. The relatives described Mr. Ruhnke's enjoyment of looking out the front picture window at the trees, birds, deer, and squirrels, and how the proposed easement would require removal of many trees and shrubs in his yard. They questioned whether the transmission line could be routed behind his home so that the tree cover could remain in place.²⁹

18. GRE's representative stated that it was willing to explore other options for this property given its proximity to the road. GRE stated that going behind the house might be possible, but that could be difficult because the property lines behind Mr. Ruhnke's home do not match up in a straight line. GRE suggested that if the line could not run behind the house, it might be able to "jump the road" and position poles diagonally so that they are not placed directly in front of Mr. Ruhnke's home or the

²⁵ Tr. at 94-95.

²⁶ Tr. at 71-77 (Shaw).

²⁷ Tr. at 34 (Stugelmeyer; 66 (Rothermel).

²⁸ Tr. at 36-37 (Ahmann).

²⁹ Tr. at 52-54, 59 (Smith) (Burton).

home across the street, which is also very close to the road. This method would spare some clearing of vegetation.³⁰ Mr. Ek made the point that the Commission could put special conditions on a permit specifying areas where poles should be placed on the opposite side of the road.³¹

19. Another relative of Mr. Ruhnke's inquired how GRE would go about assigning a value to these trees.³² GRE responded that it intended to work with each individual property owner who had planted trees to act as a buffer between their homes and the road. The options could vary from designing around features such as trees by crossing the road, doing replacement plantings, or providing compensation to the affected landowner. GRE stated that these issues must be negotiated with individual property owners and that it intended to do so in the most sensitive way possible.³³

20. Another resident stated that on County Road 18 there are approximately nine homes that appear to be very close to the road and that if GRE tries to "jump" the poles to avoid these homes, the route will zig-zag all the way down the road. This resident advocated Route C based on her belief that residences on County Road 4 tended to be located farther from the road.³⁴

21. Other residents expressed concerns about exposure to electromagnetic fields and fears that the transmission line would result in a great loss of property value.³⁵

22. Only two persons commented about the relative advantages and disadvantages of Routes A and B. One resident advocated Route B on the basis that it would impact 11 fewer homes.³⁶ Another noted that Route B would have a greater adverse impact on his property than Route A, because it would leave the road right-of-way and transect fields where he raises cattle, horses, and hay. He pointed out that his property taxes would not likely decline, even though transmission lines would reduce the value of the property.³⁷

23. One resident stated that the clearing of land in the forested area of Route C would provide a firebreak in the event of a forest fire.³⁸

B. Comments by Persons Owning Property on County Road 4.

24. One resident who lives on County Road 4, Linda Larson, stated that moving the Potato Lake Substation as required for Route C was not a viable option,

³⁰ Tr. at 54-56.

³¹ Tr. at 58.

³² Tr. at 60 (Weaver). See also Tr. at 85 (Witkop) (what compensation would pay for trees that you have planted and nurtured [when] you don't want to look at a power pole in your final retirement days?).

³³ Tr. at 60, 63.

³⁴ Tr. at 82-83 (Witkop).

³⁵ Tr. at 65 (Rothermel).

³⁶ Tr. at 70 (Miller).

³⁷ Tr. at 97 (Behrens).

³⁸ Tr. at 92 (Firehammer).

based on GRE's engineering opinions. She supported GRE's conclusion that the alternative site would defeat the purpose of the substation.

25. Based on the information contained in the Environmental Assessment, Ms. Larson stated there was no material difference in the number of residences impacted by the three routes. There are stark differences, however, with regard to other impacts. Routes A and B leverage existing rights of way, while Route C would require 46% new rights of way through eight miles of undeveloped, undisturbed forest and wetland. She contended that Route C would conflict with Minnesota's nonproliferation policy. In addition, she stated that Route C's higher cost of construction (\$10.7 million vs. \$4.4 million for Routes A and B) and higher lifetime maintenance cost would not be in the best interest of Itasca-Mantrap Co-Op members. Finally, she stated that Route C would impact a site of high biodiversity and habitat for an endangered plant called the Bog Adder's Mouth, and it would also impact more wetlands and forested wetlands.³⁹

26. Ms. Larson also stated that the corridor along Route C is the wetland area that cleans and filters the water that flows to Pickerel Lake, Blue Lake, Potato Lake, and nearby rivers. She said that these wetlands are needed for both the wildlife and the human occupants of the area to survive.⁴⁰

27. Norm Leistigow, a member of the Clay Township Council, lives on Route C near County Road 4. He stated that the Council had passed a resolution opposing Route C due to the impacts on the environment. The area is wild, with swans, ducks, bear, deer, fox, wolves, coyotes. There are no roads, and wildlife would be adversely impacted by the access road as well as the transmission line. In addition, the Township is unwilling to assume costs of or responsibility for maintaining any access road.⁴¹ GRE responded that the Township would not have to provide an access road; in the event that Route C were selected, GRE would acquire access from landowners to build a dedicated access road, and GRE would be responsible for maintaining it.⁴²

28. Mr. Leistigow also stated that Route C was significantly more expensive and he does not believe construction of a transmission line on this route is feasible due to the number of wetlands, lakes, and ponds that would be crossed. He also said the area is inhospitable and there is a reason why few people live up there.⁴³

29. Finally, Mr. Leistigow stated that some of the maps available at the public hearing incorrectly indicate a short forest road on the east-west portion of Route C near County Road 4. He stated that this was built originally as an access road for cabins on Skunk Lake, and it is now mostly impassable because it is either under water or washed

³⁹ Tr. at 17-19 (Larson).

⁴⁰ Tr. at 96 (Larson).

⁴¹ Tr. at 41-45 (Leistigow).

⁴² Tr. at 78-79.

⁴³ Tr. at 46-47.

out. He stated that the cabin owners now access their cabins by boat, launched from his property.⁴⁴

30. Another resident who was a member of the Advisory Task Force stated that, regardless of route, the transmission line would impact people and the environment. He stated that many retired people live in the area, and the transmission line would affect their sanctuary. If Route C is selected, a certificate of need would be necessary before a route permit could be issued.⁴⁵

31. One resident along County Road 4 stated that it would be better if the transmission line were underground in areas where the houses are close to the road. He also questioned the need for the transmission line. Based on the cost, distance, and impact on environment, he advocated the selection of either Route A or Route B.⁴⁶

32. In response to the public's questions about need, Tony Nelson of Itasca-Mantrap stated that the proposed Potato Lake Substation would serve the area along Highway 71 north of Park Rapids, including the north side of Potato Lake, the west side of Eagle Lake, and the Island Lake area, all the way up along Highway 71 to the Little Mantrap Lake area. It would also provide backup to the entire area surrounding Park Rapids within about an eight-mile radius.⁴⁷

33. GRE stated that it planned to build the transmission line to serve the proposed substation because it is the transmission provider for Itasca-Mantrap. It also stated that a 34.5 kV line would be sufficient now, but that projections show that a 115 kV system will eventually be required in the area. He stated that utility infrastructure is typically designed to last several decades and that it would be imprudent to build a smaller line now and then come back in ten years, tear it down, and rebuild another line with greater capacity.⁴⁸

34. The Administrative Law Judge received many post-hearing comments that elaborated on the themes expressed at the public hearing.

III. Post-Hearing Written Comments.

A. Comments by Persons Owning Property on County Road 18.

35. The Potato Lake Association opposes the project because of its adverse impact on a scenic area and because of its environmental impact on land adjacent to Potato Lake. The Association also believes the transmission line is not needed. The Association pointed out that the proposed route passes through areas within the shore impact zone; it argued that the elevation of the cleared right-of-way will enable runoff

⁴⁴ Tr. at 48-49.

⁴⁵ Tr. at 67 (Adolphson).

⁴⁶ Tr. at 85-89; see also Tr. at 69 (Doyle); Tr. at 98 (Sanson; if the line is needed, it should be placed where it is needed, namely to the west of Potato Lake); Tr. at 98-101 (Stevens) (opposes all routes).

⁴⁷ Tr. at 102.

⁴⁸ Tr. at 99-100.

into the lake and river and that chemicals used to preserve power poles and to maintain right-of-way will run into the river and lake and threaten water quality and fishery. It believes the route will adversely impact trumpeter swans, eagles, geese, and waterfowl. The Association requests that the project be delayed until it is needed and a better plan is developed.⁴⁹

36. Residents reiterated their belief that hydrogen fuel cells will eliminate the need for high-voltage transmission lines in the near future. They question why a 115 kV transmission line that will not be needed for 10 to 20 years would be built if fuel cell technology will be available on an economical basis in the same timeframe.⁵⁰

37. Ms. Stugelmeyer also commented that GRE's data on outages do not support the need for the transmission line. She stated there may be a need for increased maintenance of existing lines, but there is no need for a new 115 kV transmission line. In addition, she contended that conservation measures should be doubled before building more lines. She found it unacceptable that the proposed line would be operated at 34.5 kV for the foreseeable future and might not be upgraded to 115 kV for 30-40 years "if ever." She argued that the load growth forecast is based on two abnormal years before the housing bubble burst and that the forecast is not realistic now. She advocated that the route permit be denied or that a hearing be convened to address need.⁵¹

38. In another comment Ms. Stugelmeyer stated that the scenery along County Road 18 is a treasure worth protecting and saving for future generations. She stated that the Environmental Assessment does not adequately recognize cultural and human settlement impacts. She noted that lakeshore property on Potato Lake is valuable, while property on Mud Lake near Route C is worth much less. She also stated that when Park Rapids does start to grow again, land along County Road 18 would be a prime location for new development, but that when people build new homes, they don't want to build next to transmission lines. She argued that human settlement impacts should take precedence over non-human impacts. The east-west segment of Route C is through mostly undeveloped, inexpensive land, much of which is publicly owned. She stated that Route C is the least destructive to human settlement and to the aesthetic beauty of the lakes region; however, the best option is to suspend the project and come up with a better plan after a thorough look into what is really needed.⁵²

39. Ms. Stugelmeyer's extended family submitted comments opposing the transmission line on behalf of her parents, the Schields, who live at 15338 County Road 18. They are concerned that the line will destroy the protection and beauty of this area for their parents and their neighbors, and that it will destroy the pristine nature of this area for their children and generations to come. They said that, when thinking about the

⁴⁹ Berdahl letter (Oct. 5, 2010).

⁵⁰ Stugelmeyer email with attached article (Oct. 4, 2010)

⁵¹ Stugelmeyer email and attachments (Oct. 9, 2010).

⁵² Stugelmeyer email (Oct. 11, 2010). See *also* Persinger email (Oct. 12, 2010) (anticipates negative impacts to beauty and tourism).

future, it will not be the developed, modern areas that will be longed for, but the beauty and the wildness of the gorgeous north woods.⁵³

40. Another Schield family member wrote that the transmission line will strip one of the most beautiful corridors in the Park Rapids area. She also stated that the Environmental Assessment did not do justice to effects on human settlement. The natural beauty of the area attracts tourism, which is necessary for the economic survival of many. She also believes that GRE has not sufficiently answered the question of need. If the transmission line must be built, she advocated in favor of Route C because distribution poles are already in place, houses are set back further from the road, and most of route goes through public land rather than privately owned property.⁵⁴

41. Several other residents agreed with the proposition that Route C should be selected because it would traverse several miles of public land and would eliminate the need to take easements from private property owners. They asserted that all the other buildings and residences on County Road 4 were already impacted by distribution lines.⁵⁵

42. The Schields themselves submitted a written comment, stating that they worked hard to make the cabin their home and that they are too old to start over again. They believe the transmission line will ruin the beauty of the road and the value of their property.⁵⁶

43. Ms. Stugelmeyer also submitted a comment noting that she and her husband were planning to look into building a retirement home on her parents' property so that they could help care for her parents as they become less independent. She believes that placement of transmission lines would reduce the privacy of their future home and would probably preclude them from following their dreams.⁵⁷

44. Ms. Stugelmeyer, on behalf of an organization called the Park Rapids Lakes Region Advocates, submitted a Petition for a Contested Case to address the need for the transmission line, or to initiate a separate Certificate of Need Docket. In the alternative, the Petition requests that the matter be certified to the Commission for an order on this issue. Attached to the petition are signatures from 98 persons.⁵⁸ Many of the signatories also filed their own separate comments.

⁵³ S. Laha letter (Oct. 10, 2010).

⁵⁴ Odor letter (Oct. 10, 2010).

⁵⁵ Kimball letter (Oct. 4, 2010); Ruhnke letter (Oct. 4, 2010); Sheehan email (Oct. 6, 2010); Buechler email (Oct. 6, 2010); Witkop letter (Sep. 30, 2010); Shaw letters (Oct. 1 and 4, 2010) (put the line on public land); Bauerly letter (Oct. 4, 2010); Hendrickson email (Oct. 5, 2010).

⁵⁶ M & B Schield letter (Oct. 10, 2010).

⁵⁷ Stugelmeyer email (Oct. 8, 2010).

⁵⁸ Stugelmeyer email (Oct. 10, 2010) & Exs. G&H to Petition; Ex. I is a list of persons who gave permission to Stugelmeyer by email to use their names. Other residents filed separate Petitions for Contested Case that are identical to that filed by the Park Rapids Lakes Region Advocates. See Ellison email (Oct. 10, 2010); Sanson email (Oct. 10, 2010); M. Davis email (Oct. 11, 2010); C. Davis email (Oct. 11, 2010); E. Shaw email on behalf of J. Hafner and family, manager of Boulder Beach Resort (Oct. 11, 2010); T. Schield email (Oct. 11, 2010); Kelly family email (Oct. 11, 2010); Nelson email (Oct. 11, 2010).

45. Ms. Stugelmeyer also submitted a comment supporting the recommendation of the U.S. Fish and Wildlife Service that GRE complete an eagle nest inventory and surveys for eagle foraging, roosting, or wintering areas along County Road 18 before a final line decision is rendered.⁵⁹ She also proffered an alternative route she called Route D. This Route would locate the substation even farther north than Route C, at the intersection of US Highway 71 and County Road 41, and would be connected to the Pine Point Substation on the west by a transmission line running along County Roads 58, 44, and 41.⁶⁰

46. The Platz family also argued that GRE's asserted need for the transmission line was based on outdated and unproven data. Given drastic recent changes in economic and physical environments, they contend it is impossible to accurately predict how much and what kind of power will be needed 10 to 20 years in the future. They advocated that GRE should spend more on an educational campaign to cut waste and encourage conservation, rather than "pushing" more energy use at customers. They agreed that new technologies are making high voltage power transmission lines unnecessary and that the negative impact of this proposed line will last for generations.⁶¹

47. Many residents agreed that the transmission line "is not needed now and never will be." They oppose the whole project due to GRE's failure to show need, contending that new construction is nonexistent due to the economy.⁶²

48. Homeowner at 14814 County 18 wrote to say that the project would remove most of the trees between their house and the road, diminish their privacy, and increase the road noise. They have two young children who they believe could suffer health problems from electromagnetic fields. They worry about loss of property value and the overall beauty of County Road 18.⁶³ Other residents were similarly concerned about the health effects of living near high voltage transmission lines.⁶⁴

49. The owners of Boulder Beach resort wrote that the project might require removal of all the trees between some of their cabins and County Rd 18. The trees serve as a buffer against the sometimes busy and noisy road. In addition, they believe

⁵⁹ Stugelmeyer email (Oct. 12, 2010).

⁶⁰ Stugelmeyer email (Oct. 12, 2010).

⁶¹ Platz letter (Oct. 10, 2010); Platz email (Oct. 8, 2010); Lindow (Platz) letter (Oct. 5, 2010).

⁶² Witkop letter (Sept. 30, 2010) (line is not needed now and never will be; new technologies will make the transmission line unnecessary). The same letter was submitted by numerous Witkop relatives [S. Asp letter (Sep. 30, 2010); G. Witkop (Sep. 30, 2010); R. Witkop (Sep. 30, 2010); J. Schermerhorn letter (Sep. 30, 2010); L. Schermerhorn letter (Sep. 30, 2010); S. Schermerhorn (Sep. 30, 2010); D. Schermerhorn (Sep. 30, 2010); R. Adkins letter (Sept. 30, 2010)]. See also Shaw letters (Oct. 1 and 4, 2010); Bauerly letter (Oct. 4, 2010); L. Behrens email (Oct. 10, 2010); M. Behrens email (Oct. 8, 2010); Rothermel email (Oct. 8, 2010); Weyer email (Oct. 11, 2010); Jones email (Oct. 12, 2010); I. Jones email (Oct. 12, 2010) (need has not been demonstrated, just compensation will be difficult to achieve).

⁶³ Hagen letter (Oct. 5, 2010); same for homeowners at 14812 County 18, E. Hagen and S. Hagen letters (Oct. 7, 2010); Cordahl letter (for Hagens) (Oct. 8, 2010).

⁶⁴ L. Behrens email (Oct. 10, 2010); A. Behrens email (Oct. 10, 2010).

the easement would leave them with virtually no land to build on in the future, if anything happened to their existing nonconforming structures. They requested that the project be delayed and that alternative routes be examined.⁶⁵

50. The Ruhnke family reiterated their request that the transmission line be routed to go behind Mr. Ruhnke's home and follow the south property line, taking as few trees as possible, with no disturbance of the trees directly in front of the home.⁶⁶

51. The Shaws, who live across the street from Mr. Ruhnke at 15410 County Road 18, stated that they had come to an agreement with Mr. Ruhnke's family that the transmission line should go behind his house along the south border, leaving valuable trees in place wherever possible. If this route is not feasible, they agree that the line could cross the road onto the Shaw/Schild property line, as long as it is positioned as close to the road as possible (40 feet or less), and that as few trees are taken as possible. They stated that no scenario should involve the taking of Mr. Ruhnke's property in front of his home or disturb his view of the trees he planted with his late wife. He is ill and they would like to see his wishes carried out.⁶⁷

52. Another written comment noted that on County Road 18 there are approximately nine houses that may be within 50 feet of the road. If GRE attempts to avoid these homes, the line will be "jumping" all the way down County Road 18. This problem would likely not occur if Route C were selected, because residences are placed farther from the road on County Road 4.⁶⁸

53. The Krautkremers wrote that their home is close to the road, and they have concerns that poles will be placed close to their drinking water well. They fear that chemicals from the poles will leach into the drinking water supply. They believe it is better to cause some damage to the ecological system on Route C than to human lives on Routes A and B.⁶⁹

54. Several writers expressed fears that their homes would become unmarketable and lose value, and that Route C would provide a firebreak in the event of a forest fire.⁷⁰

55. One commenter noted that Route C is not the "pristine wilderness" it is claimed to be, because there are roads to the occasional cabins in the area and a

⁶⁵ M. and J. Hafner emails (Oct. 8, 2010).

⁶⁶ See also Weaver email (Oct. 7, 2010).

⁶⁷ Shaw letter (Oct. 4, 2010).

⁶⁸ Witkop letter (Sep. 30, 2010).

⁶⁹ J. and H. Krautkremer letters (Oct. 7, 2010).

⁷⁰ Witkop letter (Sep. 30, 2010); J. and H. Krautkremer letters (Oct. 7, 2010); Shaw letter (Oct. 1, 2010) (line placed 100 feet from our home will devastate its value, take away our life's planning, our sense of security, our goals for our childrens' education, and a potentially relaxing and healthy retirement).

gravel pit nearby.⁷¹ A landowner along Route C submitted a response stating that the gravel pit is not on Route C.⁷²

56. With regard to the merits of Route A versus Route B, one landowner (the Miller family) advocated Route B if the line must be built, because it would bypass 11 homes on Route A. This landowner agreed that there should be a contested case hearing and that a certificate of need should be required for the transmission line.⁷³ The landowner whose property would be transected by Route B (the Behrens family) strongly objected to that route, on the ground that it would interfere with farming activity.⁷⁴ The Behrens family also questioned the need for a 115 kV line.

B. Comments by Persons Owning Property on County Road 4.

57. Residents along County Road 4 generally objected to being brought into this dispute by the Advisory Task Force, because three public members of the task force live on County Road 18. A written comment suggested that the task force should have been composed of people who would not be affected by the project either way, so it would be more impartial. In addition, this commenter supported the selection of Route A because it would use existing right-of-way and would locate the proposed substation close to where the power is needed. The writer objected to Route C on the basis of impacts to virgin forest and wetlands where there are no roads; soil conditions that are unknown; and costs that could potentially be much greater than the amount estimated. The writer maintained that GRE's initial proposal involved less impact on the environment and was the most cost-effective. The writer suggested that all persons involved were concerned about the environment, but stated that Routes A or B were supported by common sense and would have the smallest impact on the environment.⁷⁵

58. Several residents wrote that it is wrong to even consider Route C because of the excessive cost, the extreme environmental impact, and the availability of more reasonable and cost-effective routes with less impact on a sensitive ecosystem.⁷⁶

59. Other written comments cited to the Environmental Assessment in support of the conclusion that there are significant problems with Route C. They stated that Route C would not accomplish the project objective of placing the substation in a location designed to address reliability and power quality concerns; it would have a greater negative impact on the environment and require extensive new right-of-way; it would require new right-of-way along County Road 4, because existing overhead

⁷¹ Witkop letter (Sep. 30, 2010).

⁷² Leistokow letter (Sep. 29, 2010).

⁷³ J. Miller and C. Miller emails (Oct. 11, 2010); J. Miller email (Oct. 10, 2010); T. Wessels email (Oct. 12, 2010).

⁷⁴ A. Behrens email (Oct. 11, 2010); M. Behrens email (Oct. 8, 2010) (this will devastate our property, we have hay ground and pasture that will be completely ruined); L. Behrens email (Oct. 10, 2010).

⁷⁵ Butler letter (Oct. 10, 2010).

⁷⁶ Steffen letter (Oct. 2, 2010); Monicken and Smith letter (Oct. 3, 2010); Doyle letter (Oct. 4, 2010); Georgina letter (Oct. 5, 2010); (Monicken email (Oct. 11, 2010) (Route A is the best and least expensive route and the least damaging to residents, wildlife habitat, and water quality).

distribution lines do not provide adequate right-of-way for transmission lines; it would cost more; and it would be inconsistent with nonproliferation policy.⁷⁷

60. Other written comments suggested that cost factors alone should preclude consideration of Route C.⁷⁸

61. People who vacation on Blue Lake objected to the cutting of forest land along the northern portion of Route C and questioned why transmission lines would ever be located in an undeveloped area.⁷⁹

62. Property owners on Blue Lake commented that Routes A and B were chosen to maximize the use of existing right-of-way and reduce the need to build new right-of-way. They agreed that moving the substation three to four miles north on Highway 71 is not a technically good option and supported Itasca-Mantrap's site selection.⁸⁰

63. Another property owner on Blue Lake advocated that Route C should be dismissed as an alternative. The writer asserted that more homes are closer to the road on Route C than on Route A. In addition, the writer argued that Route C's cost and impact on wetlands and wildlife are excessive and cited to the State's nonproliferation policy calling for use of existing right-of-way.⁸¹

64. One person who has owned property on Blue Lake since 1956 complained that the public hearing turned into a group of people from the Highway 18 corridor telling how beautiful and scenic it is by their property and therefore the line should be built along Highway 4. He left the hearing before it concluded for this reason.⁸²

65. One resident on County Road 4 also questioned the need for the transmission line. If it is needed, he contended it should be placed where the need exists, near Potato Lake.⁸³

66. Michael Murphy, a retired employee of the U.S. Fish and Wildlife Service, provided comments in response to a request from a landowner on County Road 4. Mr. Murphy was refuge manager at the Hamden Slough National Wildlife Refuge near Audubon. He stated that the wetlands north and northwest of Park Rapids filter surface water and shallow and deep groundwater that flow south and southeast to Potato and Fishhook Lakes. The wetland area north of Potato Lake is a critical source of clean

⁷⁷ H. and T. Larson email (Oct. 12, 2010).

⁷⁸ Trebelhorn email (Oct. 4, 2010); Nelson letter (Sep. 29, 2010); Hotzler letter (Oct. 6, 2010) (Route A is most sensible; Route C is not sensible and would be very expensive).

⁷⁹ Leckner letter (Oct. 4, 2010).

⁸⁰ Butler-Fasteland and Fasteland letter (Oct. 10, 2010).

⁸¹ Barth letter (Oct. 8, 2010). See also Hanson email (Oct. 11, 2010) (Routes A and B make the most economical and environmental sense).

⁸² Lackner letter (Sept. 29, 2010).

⁸³ Steffen letter (Sep. 30, 2010).

water for the watershed. In addition, he said that roads in and adjacent to wetlands can act as “interceptor ditches” for groundwater, reducing the effectiveness of the filtering process. Surface water that runs through artificial choke points, like culverts, rather than flowing through and over aquatic vegetation, is not cleaned of toxins as effectively. In addition, he noted that transmission lines running east and west present a risk to birds that migrate north and south in the spring and fall. The mortality rate is reduced over time as the birds learn where obstructions exist. In his view, Route C is a poor option, with the potential to adversely affect water and wildlife in the Potato Lake watershed. He recommended that any construction be along existing power line corridors.⁸⁴

67. Rodney Lof is a board member of Itasca-Mantrap Electric Association who lives on County Road 4. He stated that the alternate substation location proposed in Route C would require additional distribution lines and rights of way to serve areas to the south where much of the load exists; this would lead to additional expense and operational inefficiency, including line loss and maintenance issues. With regard to the northern portion of Route C, he stated that there are no roads or bridges that make it possible to travel through this wilderness area. Much of the route would be in floating bog with areas of open water, ponds, lakes, and streams where land-based equipment cannot travel any time of the year. Even in winter months, he said that much of this area is not safe to traverse because of springs and streams. Even if a line could be built there, maintenance would be extremely difficult and the line would not be secure or dependable. On the County Road 4 portion of Route C, he said that Itasca-Mantrap does not have right-of-way because the distribution line is in the road right-of-way. Construction of the transmission line on this portion of Route C would require easements that would cause further intrusion on the properties that already lost land when the road was realigned in 1992. In his view, the additional expense, combined with the permanent environmental damage, should eliminate Route C without question.⁸⁵

68. A group of residents along County Road 4 submitted a joint statement opposing Route C on the grounds that it would require creation of 8 miles of new right-of-way, in violation of the state’s nonproliferation doctrine; would affect more wetland than Routes A and B; would negatively impact a preliminary site of High Biodiversity Significance; would negatively impact the habitat of a Minnesota endangered plant, the bog adder’s mouth; and would not address the power supply issues that are the purpose for the proposed new line.⁸⁶ The statement contains 36 signatures. Many of the signatories submitted their own separate comments.

69. One written comment stated that GRE’s proposed substation site is the best location, strategically located to serve the area where the growth has occurred. In addition, it is the most economically sound location for Itasca-Mantrap members. The writer agreed with GRE’s statement of need for the project, which is supported by data

⁸⁴ Michael Murphy email (Oct. 11, 2010).

⁸⁵ Lof email (Oct. 1, 2010).

⁸⁶ Attachment to Larson letter (received Oct. 10, 2010).

showing that by 2006, the load of Itasca-Mantrap members had already reached the projections made for 2020 in GRE's long-range plan. The writer also advocated that Routes A and B were superior to Route C, considering the routing criteria found in Minn. R. 7850.4100. Given that the effects on human settlement would be basically the same on all three routes, the writer concluded that the need for new right-of-way and the significantly greater environmental impacts with Route C favor the selection of Routes A or B.⁸⁷

70. One resident stated that he was in the process of opening a store in Emmaville on County Road 4, and the store was closed when the Environmental Assessment was prepared. He believes that Route C would adversely impact his business. He has concerns regarding possible electromagnetic interference with cable TV reception and wireless internet in the bar and café; noise impacts to campground guests; aesthetic impacts to the rustic setting; and potential loss of land should the line be located on the north side of 280th Street. The writer was also concerned that clearing of vegetation near a snowmobile and ATV trail located on 280th Street would result in erosion.⁸⁸

71. Lake Emma Township submitted a resolution recommending that no decision be made at this time so that a needs assessment can be completed.⁸⁹

C. Comments from Persons Whose Property Location is Unknown.

72. Some writers did not indicate in their comments where their property was located. One person wrote in opposition to Route C because of cost, stating that the power bill for her cabin was high enough already and she could not imagine spending \$6 million more than necessary to provide for the service upgrade.⁹⁰ One writer expressed the view that selection of Route C would preserve the integrity of the area.⁹¹ Others wrote simply that the landscape on County Road 18 was lovely and should not be changed.⁹²

D. Comments from Government Agencies.

73. Robert Hoffman, a Land Commissioner with the Hubbard County Natural Resource Management Office, submitted a statement opposing Route C. He said that Route C was much longer; that County Road 4 also was a scenic road with a number of private residences and with more traffic; that the 8-mile portion of Route C going west of County Road 4 is one of the wildest areas in the county and that this route would involve several wetland and water crossings; that timber in this area is mainly aspen

⁸⁷ Larson letter (received Oct. 10, 2010).

⁸⁸ Spry email (Oct. 8, 2010).

⁸⁹ Westrum letter (undated).

⁹⁰ Butler letter (Oct. 4, 2010).

⁹¹ Sheehan email (Oct. 4, 2010).

⁹² Oulsey email (Oct. 10, 2010); Healy email (Oct. 7, 2010).

and hardwoods, and the construction of a transmission line would permanently take this land out of timber production and reduce the revenue to taxing districts.⁹³

74. Margaret Rheude, a Wildlife Biologist with the U.S. Fish and Wildlife Service, recommended that the Applicant visit historic eagle nest sites and conduct eagle nest surveys within two miles of the final line designation. Nests of other migratory birds should also be noted, including other raptors and colonial nesting birds. She reiterated an earlier recommendation that the Applicant complete surveys for eagle foraging, roosting, and wintering areas within two miles of any potential line placements before a final line decision is rendered. She stated that nest surveys are most easily done when foliage is absent and recommended a fall and winter survey to determine use and location. She also recommended surveys of trumpeter swans along the Route C corridor, to be conducted at the same time as eagle concentration area surveys.⁹⁴

75. Jamie Schrenzel, Principal Planner with the Environmental Review Unit of the Minnesota Department of Natural Resources, submitted several recommendations. Regarding routes, based on information in the Environmental Assessment, the DNR concluded Routes A or B have the least potential for negative environmental effects. Because trumpeter swan mortality appears to be a possibility along all routes, the DNR concluded Route C would not likely provide a solution for avian concerns and that Route C presents higher potential for other environmental effects.

76. Regarding re-vegetation, the DNR recommended that the Commission require compliance with the DNR's Dec. 16, 2009, Heritage Review Letter recommendations pertaining to re-vegetation for all areas of identified biodiversity significance, including preliminary areas.

77. Regarding avian mortality, the DNR stated that the Environmental Assessment provides no information on the effectiveness of measures such as line markers, underground construction, variable pole design, and elimination of ground/shield wires in reducing avian mortality associated with collisions. The DNR recommended that, unless the Applicant provided survey data (prior to a permit decision) showing that specific water crossings have a low risk for avian collision, the permit should have a condition requiring the Applicant to use large "swan type" bird diverters over all public water crossings and that the number and spacing of diverters be coordinated with the DNR. In addition, unless the Applicant were to provide the above survey data (prior to a permit decision), the DNR recommended that the permit require the use of H-frame pole design (which minimizes the number of vertical wires) when crossing all public waters. The DNR recognized that these structures may be more visually intrusive.

⁹³ Robert Hoffman, Land Commissioner (Oct. 1, 2010).

⁹⁴ Rheude email (Oct. 8, 2010).

78. The DNR also stated that the Applicant will need to coordinate with the DNR before construction with regard to reducing project effects on native plant communities, a possible Endangered Species Takings Permit for the bog adder's mouth plant if Route C is selected, and mitigation for effects on avian species as discussed above. The Applicant will also need to meet with the DNR regarding the license to cross public lands and waters. If the Commission requires more survey data before a permit is issued, then project scheduling may need to be planned around survey timeframes.

E. Comments of Itasca-Mantrap.

79. Itasca-Mantrap submitted written comments stating that the Potato Lake Substation is necessary to meet increased electrical demand created by more than 6% annual load growth over the past decade. This growth is unprecedented and has stressed the existing electric distribution system to the point where a new 7.5 MVA electric distribution substation is required to reliably serve the area. The utility's 2002 Long Range Plan, prepared by MEI Engineering, Inc., identified the future need for the substation sometime around 2020. Because of growth in demand, actual load requirements reached 2020 load projections by 2006.

80. In addition, Itasca-Mantrap stated that the substation located on State Highway 71 near the intersection of County Road 40 would reduce loading on three adjacent substation areas, including the respective distribution lines and power transformers. Maximum loads, primarily due to use of electric heat, occur on the distribution system in December through February. Mantrap Substation's maximum peak load has exceeded the transformer base rating since 2006. When substation power transformers are continually overloaded beyond designed maximum loading limits, it can shorten the lifecycle and increase the chance of catastrophic failure that would result in lengthy power outages. Transformers are expensive and take several months to build and re-install.

81. According to Itasca-Mantrap, the proposed substation was strategically located near present and future load centers. This location would solve voltage drop problems; mitigate equipment overloading problems; improve reliability because it requires less distribution line, thereby reducing the risk of weather-related outage; and reduce the number of customers potentially impacted by large-scale substation and feeder-type outages. In addition, it would provide much needed back-up capabilities when transfer of load is required during emergencies. Being without heat for an extended period of time during winter months is not an option for its customers.

82. Finally, Itasca-Mantrap noted that the proposed substation is optimally located because it is the least cost alternative. The alternative sites proposed by the Advisory Task Force are too far north of the load they are intended to serve and back

up. These sites would defeat the intended purpose of the Itasca-Mantrap Potato Lake substation.⁹⁵

F. Comments of GRE.

83. GRE also submitted written comments regarding the transmission line. GRE pointed out that the question of need is not relevant in this case and that the project is not subject to a certificate of need, pursuant to Minn. Stat. § 216E.02, subd. 2, and the Commission's Order accepting GRE's application.

84. GRE responded to questions of need by noting that the record reflects confusion about both the need for the substation and the need for the transmission line. The substation is needed to meet current demand that has exceeded acceptable limits on Itasca-Mantrap's system. Electric demand has increased by more than 6 percent over the past seven years. The distribution system is at risk because of overloaded equipment in the Mantrap substation. Voltages have already reached critical levels outside accepted parameters. The project is needed to meet demand growth that has already occurred.

85. The transmission line is needed to connect the substation to the transmission grid. GRE determined that a 115kV line is appropriate because of projected future demand, as soon as five years from now. Building a smaller line now would likely result in the need to replace the line, which would be imprudent and would impose additional burdens on residents in the vicinity of the line. Building a smaller line would require the same number of nearly identical wooden poles that would be five to ten feet shorter; similar wires; similar tree clearing; and essentially identical construction activity. GRE maintains that building a smaller line would provide no significant benefits for residents and would likely result in a second round of construction through the corridor.

86. GRE contends that despite its significant conservation efforts, residential electric usage has grown, particularly in the lakes region of northern Minnesota. As baby boomers have reached retirement age, many seasonal homes and cabins are being converted or replaced with retirement homes suitable for year-round living. These homes tend to be larger and include amenities and new electric technologies that people have come to expect, such as televisions, computers and central air conditioning. The alternative power generation method referred to at the public hearing ("Bloom box"), is a solid oxide fuel cell that converts a fuel rich in hydrogen into electricity through an electro-chemical process. The process has existed for many

⁹⁵ Mike Monsrud, President/CEO, Itasca-Mantrap, email (Oct. 12, 2010).

years but has never been cost competitive with conventional power plant technology. The cost is about \$.20 to \$.30 per kWh, much higher than the current cost of energy delivered to the area. Moreover, these units require backup units to produce energy when the unit is down for maintenance.⁹⁶

Dated: October 22, 2010

/s/ Kathleen D. Sheehy
KATHLEEN D. SHEEHY
Administrative Law Judge

Reported: Shaddix and Associates
Angie D. Threlkeld, Court Reporter
Transcript Prepared

⁹⁶ Parlow email (Oct. 12, 2010).