



January 6, 2014

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

RE: EA Scoping – Alternative Routes
Minnesota Power's Canisteo HVTL Project
Docket No. E015/TL-13-805

Dear Dr. Haar:

In compliance with the Commission's Order of December 17, 2013, the Minnesota Department of Commerce (DOC) Energy Environmental Review and Analysis (EERA) staff is providing the Commission with a summary of the Public Information and Scoping meeting held on December 18, 2013; no alternative routes were put forth during the scoping process.

Minnesota Power proposes to construct two, approximately five-mile, 115 kV HVTLs and a substation near Coleraine, Minnesota. The two transmission lines, each 5.2 miles in length, would be constructed parallel to one another with an overlapping ROW of 160 feet. The proposed project was designed to meet the power needs of the planned Magnetation plant.

EERA staff is available to answer any questions the Commission may have.

Sincerely,

William Cole Storm, DOC EERA Staff

BLANK



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
ENERGY ENVIRONMENTAL REVIEW & ANALYSIS STAFF**

DOCKET No. E015/TL-13-805

EFP Staff: William Cole Storm..... (651) 296-3595
Date.....January 6, 2014

In the Matter of the Application of Minnesota Power for a Route Permit for the Canisteo HVTL Project

Issues Addressed: Route Alternatives Proposed During Scoping.

Additional documents and information can be found on <http://mn.gov/commerce/energyfacilities> or on eDockets <http://www.edockets.state.mn.us/EFilin/search.jsp> (13-805).

This document can be made available in alternative formats; i.e. large print or audio tape by calling (651) 296-0391 (Voice).

Introduction and Background

On October 9, 2013, Minnesota Power (MP) submitted a high voltage transmission line (HVTL) Route Permit Application (RPA) under the alternative permitting process to the Commission for the proposed Canisteo transmission line and substation project.

The proposed project was designed to facilitate the development of the planned Magnetation plant. The Magnetation plant will be designed to produce iron ore concentrate by recovering weakly magnetic iron oxide particles from low-grade natural ore tailings basins, already-mined iron formation stockpiles, and newly-mined iron formation. Magnetation's initial focus is on exploitation of the hematite and magnetite contained in natural ore waste tailings basins created over the last 100 years of mining operations on the Mesabi Iron Range of Minnesota.

Since the late 1800s, iron mines in the Iron Range of northern Minnesota have been discarding fine, particle-sized minerals that are a waste product of mining operations. These tailings were pumped in a water-slurry form into impoundment dikes that formed tailings basins covering large areas. These waste tailings basins represent ore bodies to Magnetation. Magnetation's project is a significant economic development opportunity for the area.

The Commission released an Order on December 17, 2013, finding the route permit application to be complete and initiating the alternative review process.

In the Commission's Order accepting Minnesota Power's HVTL Route Permit as complete, the Commission requested that the EFP present, to the Commission, the alternative routes that were put forth through the scoping process. The requested information is contained within the *Scoping Process Summary* provided below.

Project Location

The proposed project is located in Itasca County, Minnesota, near the cities of Coleraine and Bovey. The proposed route and the proposed Substation location are shown in the attached figures. Detailed overview maps of the project area are contained in Appendix B of the RPA.

Project Description and Purpose

Minnesota Power proposes to construct two, approximately five mile, 115 kV HVTLs and a substation near Coleraine, Minnesota. The two transmission lines, each 5.2 miles in length, would be constructed parallel to one another with an overlapping ROW of 160 feet. The key components of the proposed project include:

- The proposed HVTLs would connect to Minnesota Power's existing 28 Line west of Scenic Highway 7, traverse south across Reilly Beach Road to the Canisteo Pit, and then turn southwest where they would terminate at the proposed Canisteo Substation.
- The new Canisteo Substation would be constructed north of County Highway 61 and east of County Road 325 near the western edge of the Canisteo Pit.

The proposed project was designed to meet the power needs of the planned Magnetation plant.

State Regulatory Process — Scoping

Applications for high voltage transmission line route permits under the alternative permitting process are subject to environmental review, which is conducted by Department of Commerce (Department) Energy Environmental Review and Analysis (EERA) staff under Minn. Rule 7850.3700.

The EERA staff is responsible for evaluating the HVTL route permit application and administering the environmental review process. The Commission is responsible for selecting the transmission lines routes and issuing the HVTL route permit.

Environmental review under the alternative permitting process includes public information/scoping meetings and the preparation of an environmental review document, the Environmental Assessment (EA) (Minn. R. 7850.3700). The environmental assessment is a written document that describes the human and environmental impacts of the transmission line project (and selected alternative routes) and methods to mitigate such impacts.

The EA must be completed and made available prior to the public hearing.

The purpose of the scoping process is to provide the public with an opportunity to participate in the development of the scope of the EA by holding a public meeting and comment period through which public comment is solicited.

Once the comment period on the scope of the environmental review document expires, applicants are given an opportunity, per Minnesota Rule 7850.3700, subpart 2, item B, to respond to each request that an alternative be included in the environmental assessment.

A Certificate of Need is required for any HVTL with a capacity of 100 kV or more with more than 10 miles of its length in Minnesota (Minnesota Statute 216B.2421, subdivision 2(3)). The Applicant has stated that the Canisteo HVTL project is exemption from the certificate of need requirements under Minnesota Statutes Section 216B.243, which exempts HVTLs of 115 kV that are less than 10 miles in length. The Applicant acknowledges that the project is a HVTL with a capacity of 100 kV or more, however, they consider the Canisteo HVTL to be one transmission line project of 5.2 miles in length, thus it is below the greater than 10 miles threshold found in 216B.2421, subdivision 2(3).

Additionally, the Applicant has stated that the Canisteo HVTL project would be built to primarily distribute electricity to serve the demand of a single customer at a single location and therefore meets an exemption from the certificate of need requirements under Minnesota Statutes Sections 216B.243, subdivision 8 (2).

Commission's Consideration of Alternatives

Under Minn. Rules, part 7850.3700, subp. 3, the scope of the environmental assessment must be determined by the Department within 10 days after close of the public comment period (March 21, 2013, in this case). However, Minn. Stat. § 216E.04, subd. 5, anticipates Commission input into the identification of routes, in addition to the applicant's proposed route, for inclusion in the environmental review of a project. Since the rule's 10-day timeline for determining the scope of the environmental assessment after the close of the public comment period constrains the Commission's ability to provide input, the Commission varied the 10-day timeline.

Scoping Process Summary

On November 26, 2013, Commission staff sent notice of the place, date and times of the Initial Public Information and Scoping meeting to those persons on the General List maintained by the Department, the agency technical representatives list and the project contact list.¹

Additionally, mailed notices were sent to those persons on Minnesota Power's property owners list and to the local units of government. Notice of the public meeting was also published in the local newspapers.

On Wednesday, December 18, 2013, Commission staff and EERA staff jointly held a public information/scoping meeting at the Bovey City Hall. The meeting began at 6:30 pm. The purpose of the meeting was to provide information to the public about the proposed project, to

¹ Notice of Public Information/Scoping Meeting, eDocket No. 201311-94081-01

answer questions, and to allow the public an opportunity to suggest alternatives and impacts (i.e., scope) that should be considered during preparation of the environmental review document.

Approximately 10 people attended the public information and scoping meetings; 1 individual took the opportunity to speak on the record. A court reporter was present to document oral statements.²

A variety of topics were discussed during the presentation. Topics included: specifics on Magnetation's operation, design/construction of structures; specifics on the proposed alignment; the concepts of route width and right-of-way/easement width; sources of power generation for this project; health and safety issues; property values; compensation for easements; and flexibility in siting the final alignment.

Written comments were due no later than Friday, January 3, 2014.

Three written comment were received: Minnesota Power submitted a comment modifying the proposed location of the substation and providing the potential environmental and land use impacts associated with this change, the Department of Natural Resources (DNR) submitted comments regarding the potential substation site encumbrance of state mineral resources, and the Department of Transportation (MnDOT) submitted comments on its policy and procedures for accommodation of utilities.

Since the submission of the HVTL Route Permit Application, Magnetation's plant location had changed; to facilitate this change Minnesota Power was required to change the location of the proposed substation.³

The DNR expressed support for the relocation of the proposed substation and reiterated the requirements of the License to Cross Public Lands and Waters.⁴

MnDOT stated that upon initial review of the project, it appears that the proposed transmission lines and associated substation do not directly abut a state trunk highway. MnDOT did request that the agency be made aware of any changes to the proposed project that may make the project area close enough to occupy a portion of current MnDOT right of way.⁵

These items and issues, along with the typical HVTL routing impacts, will be incorporated into the EERA staff's recommendation to the Department Commissioner on the Environmental Assessment Scoping Decision.

The process for individuals to request that specific alternative routes, alternative route segments, and/or alignment modifications be included in the scope of the environmental review document was discussed at the public meeting.

² Oral Comments Received During Scoping, eDocket No. 20141-95097- 01

³ Written Comment Received During Scoping, eDocket No. 201312-94704-01

⁴ Written Comment Received During Scoping, eDocket No. 20141-95117-01

⁵ Written Comment Received During Scoping, eDocket No. 20141-95122 -01

Proposed Alternatives

No alternative routes were put forth during the EA scoping comment period.

Applicant Comments

The Applicant provided no further comments following the close of the EA Scoping comment period.

EERA Staff Analysis and Comments

The scoping process for environmental review in Minnesota is designed to identify and analyze “only those potentially significant issues relevant to the proposed project” and alternatives to the project.⁶ With respect to route and site alternatives, the Department is charged with including those alternatives which will “assist in the [Commission’s] ultimate decision on the permit application.”⁷

In analyzing which route and site alternatives proposed during the scoping process should be carried forward for evaluation in the environmental review document for a project, EFP staff considers five criteria:

- 1) Were any alternatives submitted within the scoping period, i.e., prior to the end of the public comment period for scoping?
- 2) Does the alternative contain the information required in Minnesota Rule 7850.3700, including “an explanation of why the site or route should be included in the [environmental review document]”? EFP staff interprets this text to require that a commenter not only identify the route and site alternatives – to be included in the scope of the environmental review document – but also identify the potential impacts of the proposed project the alternative is intended to mitigate. The commenter need not provide extensive supporting data for their alternative, but must provide enough explanation such that the potential impact being mitigated by the route or site alternative is clear and understandable.
- 3) Is the alternative outside of areas prohibited in Minnesota Rule 7850.4300, e.g., state and national parks?
- 4) Does the alternative meet the applicant’s stated need for the project?
- 5) Is the alternative feasible?

Based on these criteria, no requests for the consideration of an alternative route were received during the scoping period.

Additional guidance is provided to the Commission in Minnesota Statutes 216E.03, subdivision 7, item e, which requires the Commission to make specific findings as to the feasibility of locating the proposed transmission line along or within an existing HVTL or highway ROW.

EERA staff believes that a discussion of potential routes reviewed and rejected by the applicant will provide the Commission with the necessary information to develop findings that satisfy the

⁶ Minnesota Rule 4410.2100, Subp. 1.

⁷ Minnesota Rule 7850.3700, Subp. 2.

intent of Minnesota Statutes 216E.03. EERA staff's recommendation to the Department Commissioner on the Environmental Assessment Scoping Decision will incorporate this discussion, along with statements made by the applicant in both the HVTL application and in its scoping comments concerning the new location of the proposed substation.