COMMERCE
DEPARTMENT

November 29, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/PA-17-713

Dear Mr. Wolf:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

> Northern States Power Company d/b/a Xcel Energy Services, Inc.'s (Xcel, or the Company) Petition for Approval of a Purchase of Electric Transmission Facilities from Great River Energy

The petition was filed on September 29, 2017. The petitioner is:

> Bria E. Shea
> Director Regulatory and Strategic Analysis
> Northern States Power Company d/b/a/ Xcel Energy Services Inc.
> 414 Nicollet Mall
> Minneapolis, MN 55401

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** the transfer of property and require Xcel to file its accounting entries for the purchase of the transmission facilities within 60 days of the close of the transaction.

Sincerely,

/s/ MATTHEW LANDI
Rates Analyst

ML/ja
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. E002/PA-17-713

I. BACKGROUND AND SUMMARY

On September 29, 2017, Northern States Power Company d/b/a Xcel Energy Services Inc. (Xcel or the Company) filed their *Petition for Approval Purchase Electric Transmission Facilities from Great River Energy* (Petition) pursuant to Minnesota Statutes §216B.50, and Minnesota Rules, parts 7825.1700 and 7825.1800, with the Minnesota Public Utilities Commission (Commission) requesting approval to purchase of transmission facilities from Great River Energy (GRE).

Northern States Power Company, a Minnesota corporation (NSPM), is an operating subsidiary of Xcel. NSPM and GRE have negotiated the transfer of approximately eight miles of electric transmission facilities and the associated real property rights (easements) of the Plymouth-Hollydale-Medina 69 kV transmission line (the Hollydale line) from GRE. The Company proposed a purchase price totaling $445,005, which consists of two parts: (1) the valuation for the easements of $378,205; and (2) the GRE book value of the transmission assets on the closing date, which the Company noted were recently valued at $66,800.[1]

The Company requested that the Commission approve their valuation for the easements above net book value (NBV). According to the Company: [2]

> The book value of GRE's easements, many of which were executed in the late 1960s, is $68,095. The estimated market cost to the Company to procure similar easements at current prices would likely exceed $1 million, if the easements could be procured without eminent domain. The Company and GRE therefore valued the easements at $378,205 by estimating a discount of the market value of the easements, rather than GRE's book value for the easements. This means that NSPM will be paying $310,110 more for the assets than GRE's book value, but both companies believe this is a fair valuation of the easements considering the market prices for the easements. [Footnote omitted]

[1] Petition, page 7. Transmission assets include "8.1 miles of 69 kV transmission line and the associated accessories attached thereto, a conductor, and approximately 103 Class 2 poles ranging in height from sixty-five (65) to seventy (70) feet."
[2] *Id.* at 8.

The Company also stated that its annual revenue requirements will increase by $33,938.60 if the Commission approves the purchase of the Hollydale line at the valuation listed above.[3]

As explained in its Petition, Xcel's proposal is borne out of an earlier proposal by the Company and GRE to rebuild the Hollydale line in 2011 and 2012, which would have replaced the existing GRE-owned 69 kV transmission line with a 115 kV transmission line.[4]

Specifically, Xcel stated,[5]

> This initial proposal required both a Certificate of Need and Route Permit from the Commission. During the Certificate of Need and Route Permit proceedings residents of Plymouth and Medina, as well as other key stakeholders, expressed serious concerns about the initial proposal. Therefore, in January 2014, NSPM and GRE requested to withdrawal [sic] the pending applications to allow sufficient time to collaborate with stakeholders and develop a better solution to meet the electrical needs of the Plymouth and Medina communities. The Commission permitted the withdrawal of the Certificate of Need and Route Permit applications on May 12, 2014.
>
> During 2015 and 2016, while analyzing alternative solutions and listening to community feedback, NSPM proposed to re-energize the Plymouth to Hollydale portion of this 69 kV transmission line as part of its proposed efficient, low-impact solution to the community's electric needs. The Plymouth-Hollydale-Medina 69 kV line is currently owned and underutilized by GRE. This project required local permitting from the City of Plymouth. On March 14, 2017, the Plymouth City Council approved the Company's permit application and the Company started construction on the new Pomerleau Substation this summer….
>
> After proposing this alternative, NSPM and GRE began negotiating the purchase of the Plymouth-Hollydale-Medina 69 kV line, including the real property rights associated with the line.

In 2013, the Minnesota Legislature suspended the Hollydale route permit proceeding pending the Commission's decision on the project's need (the Hollydale law). In approving the Company's request to withdraw its Certificate of Need proposal, and in light of the 'Hollydale

[3] *Id.* at 9.
[4] Docket Nos. E002/TI-11-152 and E002, ET2/CN-12-113.
[5] Petition, page 5.

law,' the Commission ordered NSP to file quarterly updates, which were to include updates on the following topics: (i) NSP's public outreach efforts; (ii) the load serving capacity of the distribution system; (iii) any improvements to the distribution system; and (iv) demand-side management and other resources available to address the reliability issues in the area.[6]

To date, the Company has filed ten (10) compliance filings which detail their ongoing efforts to comply with the Commission's aforementioned order from May 2014. In their seventh compliance filing, dated July 1, 2016, the Company summarized the results of their engineering analysis.[7] They considered three alternatives, which are summarized below:

- Alternative A: construct a new Pomerleau Lake Substation south of Schmidt Lake Road and west of I-494, construct two new 34.5 kV distribution feeders from this substation to the west, reinforce existing feeders and extend one existing 13.8 kV feeder from the Parkers Lake Substation, and install approximately 12 pad-mounted transformers.

- Alternative B: expand Parkers Substation near I-494 and County Road 6, construct two new 34.5 kV feeders from the Parkers Lake Substation to the west, reinforce existing feeders and extend one existing 13.8 kV feeders from the Parkers Lake Substation, and install approximately 12 pad-mounted transformers.

- Alternative C: expand existing Hollydale Substation and build three new 13.8 kV feeders from the Hollydale substation, construct new Pomerleau Lake Substation, extend the existing 69 kV line 0.7 miles from Hollydale to Pomerleau Lake and re-energize the Hollydale-Pomerleau Lake 69 kV line, the Medina-Hollydale 69 kV line will remain energized, reinforce existing feeders and extend one existing 13.8 kV feeder from Parkers Lake Substation. (Emphasis added).

The Company decided Alternative C was the best option for the affected area, explaining on pages 8 and 9 of the Petition:

> The Company selected this solution over two other distribution alternatives because it minimized impacts and provided the best long-term electric performance of the three alternatives studied. This selected alternative relies mainly on existing infrastructure (the assets purchased on this petition) and thus minimizes new environmental impacts. For example, the two other alternatives under consideration required eight and ten miles of new

[6] Commission Order in E002/TL-11-152 and E002/CN-12-113 dated May 12, 2014.
[7] Compliance Filing—Hollydale Seventh Report in E002/TL-11-152 and E002/CN-12-113 dated July 1, 2016.

> distribution lines, respectively, in the near term, while the selected alternative requires only 3.3 miles of new distribution lines.

The Company stated that they would have to make annual transmission service payments in order to utilize the Plymouth-to-Hollydale portion of the 69 kV transmission line.[8]

In addition, the Company requested a variance from Minn. R. 7825.1800, subp. B as it relates to the information required under Minn. R. 7825.1400 items F through I. The Company asserted that items F through I "…has no direct relevance and application to ascertaining whether the equipment sale pursuant to the present Agreement is consistent with the public interest."[9]

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources' (Department) analysis focuses on the following:

- Statutes and Rules;
- Public interest; and
- Analysis of the transfer of property and estimated accounting entries.

A. STATUTES AND RULES

1. Statutory Requirements

Minnesota Statutes § 216B.50, subd. 1, governs the Commission's review of the proposed transfer of property Petition. The applicable part of the statute reads:

> No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of $100,000, or merge or consolidate with another public utility or transmission company operating in this state, without first being authorized so to do by the commission. Upon the filing of an application for the approval and consent of the commission, the commission shall investigate, with or without public hearing. The commission shall hold a public hearing, upon such notice as the commission may require. If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing. In reaching its determination, the commission shall take into consideration the reasonable value of

[8] Petition, page 9.
[9] *Id.* at 7.

> the property, plant, or securities to be acquired or disposed of, or merged and consolidated.

The Department considers the transfer of property (transmission facilities) between NSPM and GRE to fall under the purview of the Commission, under Minnesota Statutes § 216B.50 and corresponding Minnesota Rules, parts 7825.1600 and 1800. The Department considers the primary issue in this Petition to be whether the transfer of property between NSPM and GRE is consistent with the public interest.

The Department discusses this issue further below.

2. Filing Requirements

Minnesota Rules, part 7825.1800 contains the filing requirements for petitions to acquire property, as follows:

> A. Petitions for approval of a merger or of a consolidation shall be accompanied by the following: the petition signed by all parties; all information, for each public utility, as required in parts 7825.1400 and 7825.1500; the detailed reasons of the petitions and each party for entering into the proposed transaction, and all facts warranting the same; the full terms and conditions of the proposed merger or consolidation.
>
> B. Petitions for approval of a transfer of property shall be accompanied by the following: all information as required in part 7825.1400, items A to J; the agreed upon purchase price and the terms for payment and other considerations.
>
> C. A description of the property involved in the transaction including any franchises, permits, or operative rights, and the original cost of such property, individually or by class, the depreciation and amortization reserves applicable to such property, individually or by class. If the original cost is unknown, an estimate shall be made of such cost. A detailed description of the method and all supporting documents used in such estimate shall be submitted.
>
> D. Other pertinent facts or additional information that the commission may require.

Minnesota Rules, part 7825.1800, subparts B, C and D above specifically address the issue of transfer of property. The Department concludes that the Company's Petition includes the information required by Minnesota Rules, part 7825.1800 subparts B, C and D.

Minnesota Rules, part 7825.1400, items A to J are filing requirements for capital structure approval, however, as noted above, are also content requirements for property transfer proposals. Minn. R. 7825.1400 reads:

> Petitions for approval of capital structure shall contain one original and three copies of the following data, either in the body of the petition or in exhibits attached thereto:
>
> A. A descriptive title.
> B. A table of contents.
> C. The exact name of the petitioner and address of its principal business office.
> D. Name, address, and telephone number of the person authorized to receive notices and communications with respect to the petition.
> E. A verified statement by a responsible officer of the petitioner attesting to the accuracy and completeness of the enclosed information.
> F. The purpose for which the securities are to be issued.
> G. Copies of resolutions by the directors authorizing the petition for the issue or assumption of liability in respect to which the petition is made; and if approval of stockholders has been obtained, copies of the resolution of the stockholders shall be furnished.
> H. A statement as to whether, at the time of filing of the petition, the petitioner knows of any person who is an "affiliated interest" within the meaning of Minnesota Statutes, section 216B.48, subdivision 1, who has received or is entitled to receive a fee for services in connection with the negotiations or consummation of the issuance of the securities, or for services in securing underwriters, sellers, or purchasers of the securities.
> I. A signed copy of the opinion of counsel in respect to the legality of the issue or assumption of liability.
> J. A balance sheet dated no earlier than six months prior to the date of the petition together with an income statement and statement of changes in financial position covering the 12 months then ended. When the petitions include long-term securities, such statements shall show the effects of the issuance on such balance sheet and income statement.

The Department finds that the Company has provided information on items A through E and item J. They did not provide information on items F through I and requested a variance on page 7 of their Petition from being required to do so. Minnesota Rules 7829.3200 governs such variance requests and states that the Commission shall grant a variance to its rules when it determines that the following requirements are met:

A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
B. granting the variance would not adversely affect the public interest; and
C. granting the variance would not conflict with the standards imposed by law.

The Commission has previously granted a variance in similar circumstances. In Docket E002/PA-13-484, Xcel's petition for a transfer and exchange of transmission assets with GRE—a proposal that the Department notes has some similarity to the Company's current Petition—, Xcel requested a variance from Minn. R. 7825.1400 items A through J in its entirety, and the Commission granted the variance request in their order dated December 20, 2013. The Commission determined that enforcing the rule would (1) impose an excessive burden on the applicant; (2) not adversely affect the public interest; and (3) not conflict with the standards imposed by law. In Docket E002/PA-13-484, the Commission agreed with the Department's conclusion that Minn. R. 7825.1400 items A through J were not applicable to Xcel's petition, reasoning that these items are related to capital structure filings and are not relevant in determining whether the property transfer is in the public interest. The Commission subsequently approved the variance request. Similarly, the Department adopts the same reasoning: items Minn. R. 7825.1400 items F through I are related to capital structure filings and not relevant to determining whether this petition is in the public interest.

The Department concludes that the Commission's reasoning and conclusions can be applied to the instant variance request as well. Therefore, the Department recommends that the Commission approve the request for a variance from the filing requirements of Minn. R. 7825.1400 items F through I.

3. Other Required Regulatory Approvals

The Company stated that they "…will also be filing for Federal Energy Regulatory Commission (FERC) approval of asset acquisition under section 203 of the Federal Power Act…" and will "…notify Midcontinent Independent Transmission operator (MISO) of the appropriate revisions to each company's list of facilities that is posted on the MISO website following consummation of the asset sale."[10]

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[10] *Id.* at 4.

Based on the Department's review, it appears that the Company has made all necessary filings with state and federal agencies.

B. PUBLIC INTEREST

1. Standard of Review and the Company's Position

The Company asserted that the proposed acquisition of transmission line facilities is consistent with the public interest.[11] Additionally, the Company states on pages 6 and 7 of its petition that the Commission has stated that the "public interest standard does not require an affirmative finding of public benefit, simply a finding that the transaction is compatible with the public interest." [12]

The Department, when considering whether a proposed transaction is consistent with the public interest under Minn. Stat. §216B.50, subd. 1, attempts to enumerate or request the enumeration of the benefits of a proposed transaction. As a general rule, the more benefits that the Company is able to demonstrate, the easier it is for the Department to support approval of a given transaction. This is consistent with other proceedings where the Department's standard of review requires a demonstration of benefits before rate recovery is allowed. Accordingly, we expect utilities to show their proposed acquisition of transmission line facilities is consistent with the public interest.

According to the Company, the proposed acquisition of transmission line facilities is consistent with the public interest for a number of reasons. These reasons include:

1. The Company stated that they "have been the public face of the Hollydale project since its inception…[and] have worked with the community to find the best alternative and, as part of that, the members of the community expect [the Company] will own and maintain the line."[13] Further, the Company also stated that fully utilizing the existing 69 kV line is the best alternative for the area's long-term electric performance, given the alternatives studied by the company.[14] The Company stated that the extensive public outreach efforts in the wake of their decision to withdraw their proposal to upgrade the existing 69 kV line has culminated in the engineering plan to re-energize the existing 69 kV line, and concluded that

[11] Petition, page 10.
[12] ORDER APPROVING SALE, AS CONDITIONED, GRANTING VARIANCE, AND REQUIRING FILING*, In the Matter of Northern States Power Company, a Minnesota Corporation, and ITC Midwest LLC for Approval of a Transfer of Transmission Assets and Route Permit*, Docket No. E-002/PA-10-685 at 3 (Dec. 28, 2015).
[13] Information Request No. 6 Response, page 2, included in these Comments as Attachment 4.
[14] Petition, page 8.

this project is the "best way to meet the community's energy needs while minimizing the impact to the community."[15]

2. Further, the Company stated that that having ownership of and maintenance responsibility for the existing 69 kV line is in the best interest of NSP ratepayers because "buying the line form GRE will result in lower overall cost to our customers as opposed to paying an annual transmission fee to GRE." [16,17] Estimates of the projected annual transmission payments associated with the use of the Plymouth-Hollydale-Medina 69 kV transmission line if not purchased from GRE were provided by the Company in the table below:[18]

Year	Load (MW)	GRE's Att. O Rate ($/MW-YR)*	Annual Payment
2020	19	$61,406	$1,166,714
2021	19	$61,406	$1,166,714
2022	43	$61,406	$2,640,459
2023	43	$61,406	$2,640,459
2024	43	$61,406	$2,640,459
2025	43	$61,406	$2,640,459
Beyond	43	$61,406	$2,640,459

*Assumes no change in GRE Att. O Rate

3. In response to the Department's request for a cost-benefit analysis of this proposal, the Company stated that this project will benefit its ratepayers primarily through avoiding the costs of future annual transmission payments to GRE. While the Company did not specifically enumerate or define the fiscal benefits of the proposal, they did state that the proposal would outweigh the cost in only 5 months.[19] Additionally, the Company stated that their "annual revenue requirements will be increased by approximately $33,938.60."[20]

The Department's analysis of the public interest will proceed in order of the Company-provided reasons presented above, and will also consider other issues relevant to the public interest.

[15] Information Request No. 6 Response, page 2, included in these Comments as Attachment 4.
[16] *Id.*
[17] Petition, page 9.
[18] Information Request No. 9 Response, page 2, included in these Comments as Attachment 5.
[19] *Id.*
[20] Petition, page 9.

2. The Company is the Public Face of the Hollydale Line

The Department concludes that it may be compatible with the public interest, in this instance, to harmonize the public perception of the NSPM's ownership of the Hollydale line with the actual ownership of the Hollydale line.

The public rightly expects that NSPM is responsible for meeting the community's electricity service needs, as NSPM is their public utility. After extensive public outreach efforts and collaboration with area stakeholders, the Company determined that re-energizing the existing, underutilized Plymouth-Hollydale-Medina 69 kV transmission line was the best of three alternatives studied by the Company in the wake of their decision to withdrawal their original proposal to upgrade the Hollydale line to a 115 kV transmission line.[21,22] The Company determined that this alternative also minimized the environmental impact relative to the other two alternatives.[23]

Given the history of the Company's evolving proposal to meet the area's electricity service needs, and the subsequent public outreach and collaboration effort with area stakeholders, it follows that the proposal to own and reenergize the Hollydale line and associated transmission equipment comes with an expectation that the Company is ultimately responsible for the Hollydale line and associated transmission infrastructure.

As noted above, currently GRE owns and is responsible for the Hollydale line. The Company's proposal to purchase the line from GRE removes a complicating layer of ownership and harmonizes with the public's expectation that the Company is ultimately responsible for the Hollydale line and associated transmission infrastructure. The Department concludes that ownership of the Hollydale line is consistent with the public interest for this reason.

3. Avoiding Annual Transmission Payments is Fiscally Prudent

Without ownership of the Hollydale line, the Company would be required to make significant transmission payments to GRE for the use of the line on an annual basis, with conservative projections of the costs starting at $1,166,714 in 2020 and increasing to $2,640,459 by 2022, according to the Company and based on the load the Company expects the Hollydale line to serve.[24]

According to the engineering report developed by the Company, reenergizing the Hollydale line is expected to be a reasonable solution for the area's electric needs for roughly the next 20 years, which assumes a load growth of 1 percent in the Transmission Area of Concern.[25] By

[21] Petition, pages 5 and 8.
[22] Information Request Response No. 6, page 2, included in these Comments as Attachment 4.
[23] Petition, page 8.
[24] Information Request Response No. 9, page 2, included in these Comments as Attachment 5.
[25] Information Request Response No. 6, page 3, included in these Comments as Attachment 4.

owning the Hollydale line, the Company will not have to make these annual transmission payments to GRE, and will therefore be saving its ratepayers a significant amount of money over the expected lifetime of this engineering solution.

According to the Department's analysis, in Net Present Value (NPV) terms, the benefits of the proposal to ratepayers ranges from a low of $19,686,470 to a high of $39,794,544, depending on the discount rate applied.[26,27] The results of the Department's analysis are summarized in the table below:[28]

Net Present Value	Discount Rate
$ 39,794,544	2.21%[29]
$ 36,334,386	3%
$ 29,186,834	5%
$ 23,803,787	7%
$ 19,686,470	9%

The NPV of the proposal, regardless of the discount rate used, yields demonstrable benefits to ratepayers. The Department's financial analysis of this proposal concludes that this proposal is in the public interest.

4. Valuation of the Easements

One issue that the public interest demands consideration of is the valuation of the easements associated with Hollydale line above their book value. At the time Xcel filed its Petition, the book value of the easements was $68,095, and NSPM proposed to purchase the easements for $378,205, which is $310,110 above the book value of the easements.

NSPM and GRE entered into good faith negotiations over the value of the easements associated with the Hollydale line, which are currently owned by GRE. As noted above, NSPM and GRE negotiated a sum valuing the easements at $378,205, which is $310,110 above their book value. The Department inquired into the methodology behind the $378,205 valuation to determine whether it was reasonable and in the public interest. According to the Company, the valuation of the easements is reasonable relative to both GRE's and the Company's estimate to procure similar easements at current market values.[30] GRE estimated the value of the

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[26] Using a range of discount rates for NPV analysis is consistent with cost-benefit analysis methodology.
[27] The Department assumes the following in its analysis: (1) the Hollydale line purchase will be finalized in 2018 (in NPV terms, t = 0); (2) the line would subsequently be energized in 2020 (t = 2); and the life of the project is only 20 years, ending in 2040 (t = 22).
[28] Attachment 7, Department Net Present Value Analysis of Docket No. E002/PA-17-713.
[29] NSP's 2018 weighted cost of long-term debt. See the Commission's Order in GR-15-826, dated June 12, 2017, table on page 11.
[30] Information Request No. 1 Response, page 1, included in these Comments as Attachment 1.

easements at current market values to be approximately $5 million, while NSPM estimated the value of the easements at current market values to be approximately $4.5 million.[31]

The Department reviewed the methodology that led to these cost estimates and notes that GRE's valuation of the easements is the operative valuation of the easements.[32] GRE relied on land fee values from 2011 Hennepin County property tax data, which corresponds to the time period in which GRE and NSPM began discussing the proposed transaction.[33] Further, NSPM stated, and provided a data sample that suggested, that relying on 2011 Hennepin County property tax data underestimated current land fee values.[34] The Department notes that this means the valuation of the easements at current land values would likely lead to a higher valuation, and thus purchase price, than the proposed purchase price.

The Department identified a potential issue with GRE's methodology. In determining the value of the easements, GRE included a parcel that already belongs to NSPM: the Hollydale Substation facility.[35] While the Company stated that "GRE should recalculate the summary cost estimation" because this parcel was included in the estimation, the Department analyzed the impact of removing this parcel from the valuation of the easements and found that it would have an insignificant impact on the easement valuation; it would reduce the easement valuation by approximately $6,142 to $372,063.[36] The Department recommends maintaining the proposed easement valuation, as the easement valuation of the NSPM-owned parcel reflects the value of the easement to GRE. GRE has a reasonable expectation that they would be compensated for the value of this easement, even if NSPM is the owner of the underlying property.

In sum, the Department concludes that the good faith negotiations between NSPM and GRE led to a reasonable determination of the value of the easements.

C. ANALYSIS OF TRANSFER OF PROPERTY AND ESTIMATED ACOUNTING ENTRIES

The Company discussed that the agreed-upon purchase price of assets is $445,005; $378,205 is assigned to the value of the easements, and $66,800 is assigned to the value of the transmission line assets. The net book value (NBV) of the easements, which are a category of assets that generally are not depreciated or amortized, is $68,095. The NBV of the transmission

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[31] *Id.*
[32] Information Request Response No. 3, included in these Comments as Attachment 2.
[33] Information Request Response No. 11, page 2, included in these Comments as Attachment 6.
[34] *Id.* at 3.
[35] *Id.* at 3. According to the Company, "Parcel 18-118-22-41-0009 is NSP's Hollydale Substation facility which the transmission line runs in and out of."
[36] Attachment 8, Department Analysis of NSP/GRE Easement Valuation – IR Response #1 Data Table, page 2. Please note highlighted cell contained in IR Response #3 Data Table, page 1. The Table 'DEPT Calculations' on page 2 omits this highlighted cell from the calculation of Section 18's av MV per acre in order to calculate the impact of its removal from the easement valuation.

line assets, which are subject to depreciation, is $66,800. Since the assigned value of the easements ($378,205) is greater than the NBV of the easements ($68,095), a $310,110 acquisition adjustment is necessary for the easements. Since the assigned value of the transmission line assets is equal to the net book value of the transmission assets, no acquisition adjustment is necessary for the transmission line assets. NSPM provided its plant-related journal entries in Attachment B of its Petition.

Normally, the purchase of assets between utilities in Minnesota is executed at NBV, rather than market value. Since NSP proposed to purchase the easements at a price above NBV, in Information Request Response No. 4, the Department requested that NSPM explain how it generally treats easements for ratemaking purposes.[37] The Company responded that easements are included in the calculation of rate base as permanent assets, which are not depreciated or amortized.[38]

Typically, existing assets to be sold are already built into rates and have been partially or totally recovered from previous and current ratepayers of the selling utility. If existing assets are purchased and capitalized by another utility at a value higher than NBV, ratepayers would double-pay for these assets. However, in this circumstance, the easements are permanent assets, and therefore were not previously recovered through depreciation or amortization. The owning utility receives a return on the original cost, but does not recover the original cost of the easements from ratepayers. Since NSPM would not depreciate or amortize the easements, there is no risk for double-recovery from ratepayers.

The Department concludes that NSPM's proposed plant accounting for this transaction is reasonable. Additionally, since the NBV of the line assets continues to change with the passage of time, the Department recommends that NSPM file, as a final compliance, the final journal entries and amounts related to the transfer.

III. CONCLUSIONS AND RECOMMENDATIONS

The Department concludes that Northern States Power Company has provided the information required by Minnesota Rules, part 7825.1800 subparts B, C and D in its filing and its responses to Department requests for further information. The Department agrees that information required by Minnesota Rule, part 7825.1400, items F through I (as referenced by Minnesota Rule 7825.1800 subpart A) are not applicable to this transfer of property Petition. Further, in light of Minnesota Rule part 7829.3200 and precedent established by the Commission in E002/PA-13-484, the Department recommends that the Commission grant NSP a variance from Minn. R. 7825.1400 items F through I.

[37] Information Request Response No. 4, page 1, included in these Comments as Attachment 3.
[38] *Id.*

Based on the Department's review it appears that Northern States Power Company has made all necessary filings with state and federal agencies.

Based on the Department's review we consider the Asset Purchase Agreement to be reasonable and consistent with the public interest.

Therefore, the Department recommends that the Commission approve the transfer of property between Northern States Power Company and Great River Energy.

The Department also recommends that the Commission require that final journal entries and amounts related to the transfer, including narrative explanations describing the basis for the entries, be submitted by Northern States Power Company as a compliance filing within 60 days of the close of the transaction.

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☐ **Not Public Document – Not For Public Disclosure**
☐ **Public Document – Not Public (Or Privileged) Data Has Been Excised**
☒ **Public Document**

Xcel Energy			
Docket No.:	E002/PA-17-713		
Response To:	MN Department of Commerce	Information Request No.	1
Requestor:	Angela Byrne / Matthew Landi		
Date Received:	October 9, 2017		

<u>Question:</u>

Topic:	Valuation of Great River Energy's easements related to the Plymouth-Hollydale-Medina 69 kV transmission line
Reference(s):	Xcel Energy Petition for Approval Purchase Electric Transmission Facilities from Great River Energy, p. 8

Request:

1. Please provide any and all financial and market analyses, made by Xcel Energy and Great River Energy relating to the $378,205 valuation of the easements; and
2. Please provide a rationale for the company's position that this valuation is reasonable.

<u>Response:</u>

1. Please see below for a right of way cost estimation prepared by GRE. GRE and Xcel Energy agreed with the following methodology for the valuation of the easements along the Plymouth-Hollydale-Medina 69kV transmission line: 75 percent fee value (which was derived by calculating the average land value in each section; the analysis calculating the average market value per acre (column av MV per acre, below) can be found in Information Request 3) plus an additional 90 percent discount for 70-foot wide right of way. As such, 75 percent off $5,042,732 resulted in $3,782,049 and a subsequent 90 percent discount resulted in $378,205.

BD Line - ROW cost estimation

Section	Approx ROW length in Section (ft)	70' ROW	approx acres	(see Sheet 1) av MV per acre	100%	50%
22	2250	157500	3.62	$58,000	$209,711	$104,855
15	5280	369600	8.48	$45,000	$381,818	$190,909
14	5280	369600	8.48	$54,000	$458,182	$229,091
13	5280	369600	8.48	$46,000	$390,303	$195,152
18	7275	509250	11.69	$83,000	$970,334	$485,167
17	5280	369600	8.48	$57,000	$483,636	$241,818
16	5080	355600	8.16	$137,000	$1,118,393	$559,197
9	6225	435750	10.00	$103,000	$1,030,355	$515,177
					$5,042,732	$2,521,366

Section	Approx ROW length in Section (ft)	100' ROW	approx acres	(see Sheet 1) av MV per acre	100%	50%
22	2250	225000	5.17	$58,000	$299,587	$149,793
15	5280	528000	12.12	$45,000	$545,455	$272,727
14	5280	528000	12.12	$54,000	$654,545	$327,273
13	5280	528000	12.12	$46,000	$557,576	$278,788
18	7275	727500	16.70	$83,000	$1,386,191	$693,096
17	5280	528000	12.12	$57,000	$690,909	$345,455
16	5080	508000	11.66	$137,000	$1,597,704	$798,852
9	6225	622500	14.29	$103,000	$1,471,935	$735,968
					$7,203,903	$3,601,951

Number of original easements (BD-B-10 to BD-B-63)	53
Cost of original easements	$68,095

Number of current easements needed (approx)	171

STRUCTURE VALUES

Medina - Hollydale
69 kV
currently energized
line length = 4.70 miles
approximately 58 poles, 65' – 70', class 2, constructed in 1971-1972
Conductor – 397 ACSR 26/7 IBIS

Hollydale – Plymouth
69 kV
currently de-energized
line length = 3.39 miles
approximately 45 poles, 65' – 70', class 2, constructed in 1971-1972
Conductor – 397 ACSR 26/7 IBIS

Note: The valuation of the easements for the 2017 transaction reflects 2011 land values. See below a summary of the Right of Way costs based on the estimation prepared by GRE.

Plymouth-Hollydale Medina 69kV Transmission Line
Right of Way Cost as of 2011*

	Fee value for 70' ROW	75% of fee value	90% discount
67 acres across Sections (22, 15, 14, 13, 1, 17, 16, 9)	$5,042,732	$3,782,049	$378,205

** The cost of the easements were maintained at the 2011 value.*

2. The valuation of the easements was determined to be a reasonable approach for a few reasons. First, the valuation was agreed upon by both parties through good faith negotiations. Second, acquiring new easements would have been extremely costly and would have caused a significant delay in the project. Additionally, acquiring new easements presented a potential issue of the inability to obtain the same route without engaging in condemnation activities which would have further increased the cost of the easements and disrupted land owners. According to GRE's analysis, if Xcel Energy had paid current market value for the easements the cost would have been approximately $5 million. Concurrently, Xcel Energy estimated the market value for the easements at $4.5 million dollars, which was based on the cost of an eight-mile segment of new 70-foot wide right of way, requiring approximately 60 acres of land at a price of $75,000/acre as discussed in our response to DOC Information Request 3.

Preparer: Michele Bruning
Title: Associate Transmission Account Representative
Department: Transmission Business Relations
Telephone: 612-330-5836
Date: October 19, 2017

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Xcel Energy			
Docket No.:	E002/PA-17-713		
Response To:	MN Department of Commerce	Information Request No.	3
Requestor:	Angela Byrne / Matthew Landi		
Date Received:	October 9, 2017		

Question:

Topic:	Valuation of easements similar to Great River Energy's easements related to the Plymouth-Hollydale-Medina 69 kV transmission line
Reference(s):	Xcel Energy Petition for Approval Purchase Electric Transmission Facilities from Great River Energy, p. 8

Request:

Please provide any, and all, financial and market analyses related to the Company's estimate that acquiring easements similar to Great River Energy's easements, related to the Plymouth-Hollydale-Medina 69 kV transmission line, would likely exceed $1 million at current prices.

Response:

GRE conducted an analysis of the eight-mile segment of Plymouth-Hollydale-Medina 69kV transmission line and associated land using estimated land fee values per Hennepin County tax information from 2011. GRE's analysis included the value of the land and an average value per acre. Below is the land values of the landowners located in the eight-mile segment.

BD Line - Hollydale to Medina
Sample land values

Henn Cty PID	Owner	Land MV	Acres	MV per Acre	Class	Average Value
22-118-23-23-0002	UPA	$ 110,000	1.86	$ 59,139.78	Utility Non-Homestead	
22-118-23-23-0007	Thomas & Michelle Tiller	$ 1,000,000	15.61	$ 64,061.50	Res Homestead	$ 58,000
22-118-23-22-0006	George & Lauri Klaus	$ 440,000	8.41	$ 52,318.67	Res Non-Homestead	
15-118-23-33-0008	Mark & Annie Donahoe	$ 688,000	14.08	$ 48,863.64	Res Homestead	
15-118-23-34-0001	Brian & Maria Sullivan	$ 1,210,000	34.89	$ 34,680.42	Res Homestead	$ 45,000
15-118-23-44-0006	D & J Weisbeck	$ 281,000	5.32	$ 52,819.55	Res Homestead	
14-118-23-33-0010	John & Karen Blank	$ 510,000	7.1	$ 71,830.99	Res Homestead	
14-118-23-34-0008	Ignacio & Suzanne Javellana	$ 408,000	9.21	$ 44,299.67	Res Homestead	$ 54,000
14-118-23-43-0008	Joyce Johnson	$ 544,000	12.11	$ 44,921.55	Res Homestead	
13-118-23-33-0001	Wallace Anderson	$ 86,100	40.06	$ 2,149.28	Farm Homestead	
13-118-23-34-0004	Clifford Koltes	$ 319,000	7.2	$ 44,305.56	Res Homestead	
13-118-23-43-0019	Richard & Virginia Zeller	$ 319,000	6.68	$ 47,754.49	Res Homestead	$ 46,000
13-118-23-43-0006	Thomas Baer	$ 149,000	2.69	$ 55,390.33	Res Homestead	
13-118-23-43-0007	Joel Feder	$ 128,000	1.02	$ 125,490.20	Res Homestead	
13-118-23-44-0005	Raskob Bros	$ 44,600	31.49	$ 1,416.32	Farm Non-Homestead	
18-118-22-33-0061	Lorrie Walsh	$ 86,000	0.35	$ 86,000.00	Res Homestead	
18-118-22-22-0063	S & R Lerum	$ 165,000	1.26	$ 130,952.38	Res Homestead	
18-118-22-33-0028	D & K Nauth	$ 87,000	0.3	$ 87,000.00	Res Non-Homestead	
18-118-22-34-0008	David & Therese Vegemast	$ 87,000	0.29	$ 87,000.00	Res Homestead	
18-118-22-34-0015	David & Marian Martin	$ 85,000	0.35	$ 85,000.00	Res Homestead	
18-118-22-31-0013	Thomas Taragos	$ 85,000	0.36	$ 85,000.00	Res Homestead	$ 83,000
18-118-22-31-0001	Leonard & Stacy Busch	$ 105,800	35.41		Farm Non-Homestead	
		$ 110,000		$ 3,106.47	Res Non-Homestead	
		$ 135,000			Ind Non-Homestead	
18-118-22-42-0075	Charles & Carole Eidem	$ 90,000	0.26	$ 90,000.00	Res Homestead	
18-118-22-42-0053	Barry & Linda Altman	$ 106,000	0.31	$ 106,000.00	Res Homestead	
18-118-22-42-0007	Sherwood Perl	$ 20,600	7.06	$ 2,917.85	Farm Non-Homestead	
18-118-22-41-0009	NSP	$ 474,700	3.1	$ 153,129.03	Utility Non-Homestead	
17-118-22-32-0004	Elim Care Foundation	$ 5,900	5.93	$ 994.94	Res Non-Homestead (vacant)	
17-118-22-31-0131	P White & J Hechsel	$ 54,000	0.2	$ 54,000.00	Twnhse Homestead	
17-118-22-31-0102	Kathy Leupke	$ 54,000	0.13	$ 54,000.00	Twnhse Homestead	$ 57,000
17-118-22-42-0006	Kathryn Sterner	$ 110,000	0.3	$ 110,000.00	Res Homestead	
17-118-22-42-0070	Kevin & Rebecca Fruechte	$ 110,000	0.83	$ 110,000.00	Res Homestead	
17-118-22-41-0014	Kenneth Grabow	$ 12,500	0.85	$ 12,500.00	Res Homestead	
16-118-22-32-0024	Pinnacle/Vicksburg	$ 5,010,000	16.32	$ 306,985.29	Apt Non-Homestead	
16-118-22-13-0075	David & Jeannette Schuh	$ 113,000	0.92	$ 113,000.00	Res Homestead	
16-118-22-13-0018	D Hardman & D Doblinger	$ 113,000	0.47	$ 113,000.00	Res Homestead	
16-118-22-24-0073	Douglas Haugen & Lisa Hedin	$ 97,000	0.32	$ 97,000.00	Res Homestead	$ 137,000
16-118-22-12-0043	Mathew & Jennifer Knutson	$ 97,000	0.26	$ 97,000.00	Res Homestead	
16-118-22-21-0055	Timothy & Shirley Ward	$ 98,000	0.36	$ 98,000.00	Res Homestead	
09-118-22-42-0024	Olaf & Debra Olsen	$ 110,000	0.23	$ 110,000.00	Res Homestead	
09-118-22-43-0105	Harold Boentje	$ 110,000	0.23	$ 110,000.00	Res Homestead	
09-118-22-42-0033	James & Laura Martin	$ 111,000	0.3	$ 111,000.00	Res Homestead	$ 103,000
09-118-22-31-0009	Michael Wilmo	$ 78,000	0.31	$ 78,000.00	Res Homestead	
09-118-22-14-0012	Mark & Elizabeth Lafrenz	$ 110,000	4.81	$ 22,869.02	Res Homestead	

Using the above data and the approximate Residential value of $120,000 per acre and the Commercial value of $160,000 per acre, the Company used $150,000 per acre as an average fee value and then applied a 50 percent impact for the easement which resulted in $75, 000 per acre. At that price, acquiring easements similar to GRE's easements (eight miles of new 70-foot wide right of way which would require approximately 60 acres of land) would cost the Company approximately $4.5 million, not including the additional costs associated with labor, title appraisal, and condemnation.

Preparer: Michele Bruning
Title: Associate Transmission Account Representative
Department: Transmission Business Relations
Telephone: 612-330-5836
Date: October 19, 2017

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Xcel Energy			
Docket No.:	E002/PA-17-713		
Response To:	MN Department of Commerce	Information Request No.	4
Requestor:	Angela Byrne / Matthew Landi		
Date Received:	October 9, 2017		

Question:

Topic: Treatment of easements for ratemaking purposes
Reference(s): Xcel Energy Petition for Approval Purchase Electric Transmission Facilities from Great River Energy, p. 9

Request:

Please explain generally how Xcel has treated easements for ratemaking purposes, and respond specifically the following two questions:

1. Are easements included in the calculation of the rate base?
2. Are any depreciation or amortization methods applied to easements?

Response:
For rate-making purposes, easements are included in rate base, but no depreciation expense is incorporated into the revenue requirement.

1. Yes, easements are included in the calculation of the rate base.

2. No, easements, like land, are considered a permanent asset that is not depreciated, or amortized.

Preparer: Laurie Wold
Title: Senior Manager
Department: Capital Asset Accounting
Telephone: 612-330-5510
Date: October 19, 2017

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Xcel Energy			
Docket No.:	E002/PA-17-713		
Response To:	MN Department of Commerce	Information Request No.	6
Requestor:	Angela Byrne / Matthew Landi		
Date Received:	October 9, 2017		

Question:

Topic:	Proposed asset purchase agreement
Reference(s):	Xcel Energy Petition for Approval Purchase Electric Transmission Facilities from Great River Energy, p. 8

Request:

1. Please explain why ownership of the transmission line is necessary to provide the best long-term electric performance of the company's infrastructure in the affected area.
2. Please explain what alternatives are available to the company in lieu of purchasing and owning the Plymouth-Hollydale-Medina 69 kV transmission line, including the two other distribution alternatives mentioned on p. 8 of the Petition. Please explain the company's position on these alternatives and how they relate to providing the best long-term electric performance of the company's infrastructure in the affected area.

Response:

1. Ownership of the line is not necessary to ensure the best long-term electric performance of the infrastructure—so long as the line is operating as the Company proposed. That said, the Company believes ownership is in the best interests of our customers for two primary reasons. First, as described in more detail in DOC Information Request No. 2, we believe buying the line from GRE will result in lower overall cost to our customers as opposed to paying an annual transmission fee to GRE. Second, the Company has been the public face of the Hollydale project since its inception. We have worked with the community to find the best alternative and, as part of that, members of the community expect that the Company will own and maintain the line.

2. In 2013, Xcel Energy developed three alternatives to address transmission and distribution issues in the Plymouth area. The three alternatives were developed to address reliability within constraints of the Hollydale Law and informed by public comments and desires. Two of the alternatives (Alternatives A and B) rely on constructing new distribution lines and connecting them into the existing distribution system with pad-mounted transformers. The proposed alternative (Alternative C) primarily relies on using the existing 69kV line, minimizes the need for new lines and does not require pad mounted transformers. Detailed information about the alternatives can be found in the Engineering Study Report (Plymouth and Medina Electrical System Assessment) provided as Attachment A to this information request.

   Before making a decision on which alternative to propose, Xcel Energy carefully evaluated public input and compared the alternatives using measurable criteria. Public comments showed a clear disapproval of new power lines particularly near homes. Similarly, many comments expressed disapproval of the location of a new substation south of Schmidt Lake Road. Also received were over 40 copies of a letter, signed by homeowners expressing disapproval of using the existing 69 kV line east of the Hollydale substation.

   Incorporating this public input into a data-based comparison; Alternative C is the proposed alternative because it relies on utilizing the currently un-used Hollydale-Medina-Plymouth 69 kV transmission line. It is clear that using an existing line has less of an impact than constructing a new line; therefore, it is important to note that Alternative C would require the construction of less than half the length of new lines than the other two alternatives (Alternatives A or B). Alternative C also does not require pad-mounted transformers in the neighborhoods it serves.

   Results of Xcel Energy's public involvement process determined that Alternative C is the best way to meet the community's energy needs while minimizing the impact to the community. This alternative relies on existing infrastructure, requiring less construction of new facilities. In addition, Alternative C provides the best electrical performance of the three alternatives and is the best long-term solution for the area's electrical needs.

   More information about the project and the process to date can be found on the Company's project website:
   http://www.transmission.xcelenergy.com/Projects/Minnesota/Plymouth-Project

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Preparer:	Thomas Hillstrom
Title:	Principal Land Rights Agent
Department:	Siting and Land Rights North
Telephone:	612-330-5835
Date:	October 19, 2017

Plymouth and Medina Electrical System Assessment

Philip Spaulding, P.E.

Jason Espeseth, P.E.

Brian Monson

June 1, 2016

Contents

1.0: Executive Summary

The Plymouth and Medina Electrical System Assessment ("Report") was completed as part of the Company's continued efforts to study alternatives available to address the reliability issues in the Plymouth area in accordance with the Minnesota Public Utilities Commission's May 2014 order in Docket Nos. E002/TL-11-152 and ET2/CN-12-113. The electrical improvements examined in this Report are needed to address distinct deficiencies on the distribution and transmission systems in the Plymouth area. Since both transmission and distribution needs are dependent on each other, the solution that is implemented must solve both of these system's identified needs. Therefore, all alternatives proposed in this study are configured to solve both distribution and transmission needs for 20 years based on 1% load growth in the Transmission Area of Concern. This Report also identified conceptual solutions for the 20-40 year timeframe, given 1% load growth. If the Transmission Area of Concern experiences a higher than 1% load growth, these solutions may need to be implemented earlier than 20-40 years. However, if the Transmission Area of Concern experiences a lower than 1% load growth, these solutions will last longer than 20-40 years.

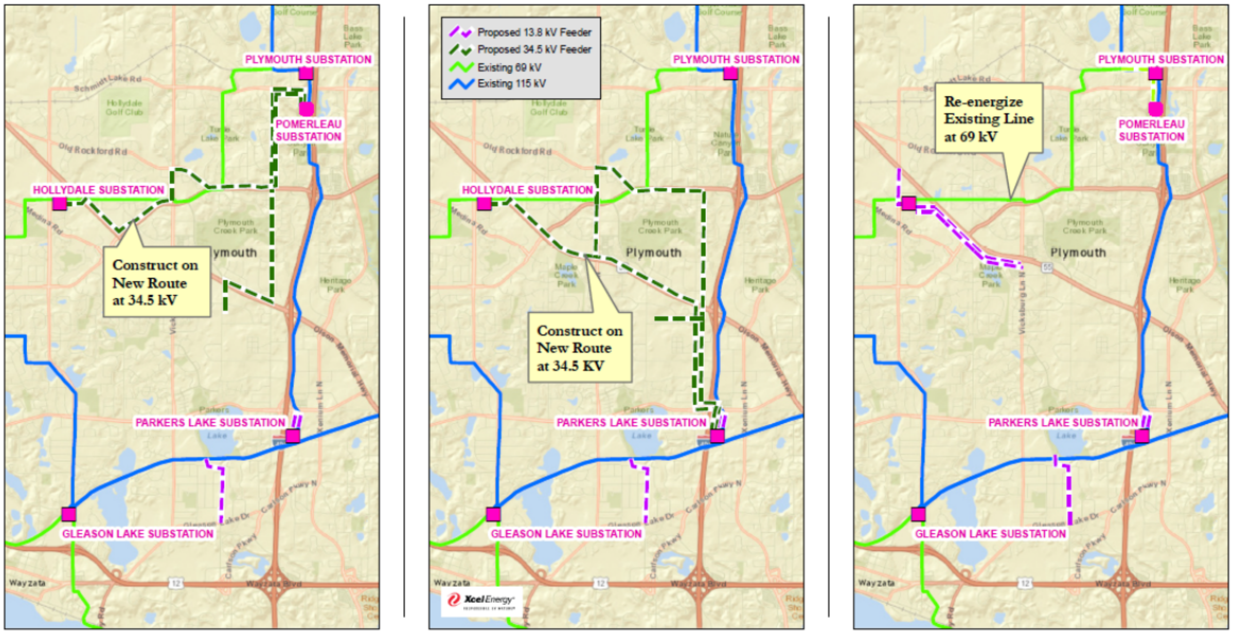
The distribution need is driven by a deficit in the distribution system's load serving capability of a Focused Study Area centered around western Plymouth. The distribution delivery system in the Focused Study Area has experienced steady load growth in recent years and is forecasted to exceed the capability of the existing distribution feeders by 30 MW in 2016. Additionally, the load is forecasted to exceed the capacity of the existing substation transformers in the Focused Study Area by 11 MW in 2016. These capacity issues could lead to an increase in the duration of outages during contingency operation as the load in the Focused Study Area continues to grow in the future.

The transmission need is driven by increasing demand on the distribution system and deficiencies on the transmission system under contingency conditions to serve the load in the Transmission Area of Concern. As the load on the distribution system in the Transmission Area of Concern grows, the transmission need to serve that load increases. The transmission system capabilities are forecasted to be exceeded by 13 MW in 2016

System alternatives presented in this study solve the capacity issues identified on the distribution system and the contingency issues identified on the transmission system. All three alternatives assume that the Gleason Lake to Parkers Lake 115 kV double circuit line is rebuilt to two single circuits, due to the condition of the existing line, and that a 40 MVAR capacitor bank is installed at the Gleason Lake substation. Maps of the near-term facilities in each alternative are shown in Figure 1.1, followed by a description of the required facilities for each alternative.

Figure 1.1: Maps of Near-term Facilities for each Alternative

Alternative A **Alternative B** **Alternative C**



Note: All three alternatives include the age and condition rebuild of the Gleason Lake to Parkers Lake 115 kV double circuit lines rebuilt to two single circuits and a 40 MVAR capacitor bank installed at Gleason Lake substation.

Alternative A:

- Construct Pomerleau Lake 115/34.5 kV substation
- Construct two 34.5 kV feeders out of Pomerleau Lake going west
- Reinforce existing feeders and construct an extension of one 13.8 kV feeder at Parkers Lake

Alternative B:

- Expand Parkers Lake substation
- Construct two 34.5 kV feeders out of the expansion at Parkers Lake going west
- Reinforce existing feeders and construct an extension of one 13.8 kV feeder at Parkers Lake

Alternative C:

- Expand Hollydale substation to accommodate three additional 13.8 kV feeders
- Construct Pomerleau Lake 115/69 kV substation
- Construct a short extension of the existing 69 kV line to Pomerleau Lake; re-energize Hollydale-Pomerleau Lake 69 kV line, Medina-Hollydale 69 kV line remains energized
- Reinforce existing feeders and construct an extension of one 13.8 kV feeder at Parkers Lake

Alternatives A and B utilize 34.5 kV feeder lines while Alternative C utilizes 13.8 kV feeder lines. Both alternatives that include 34.5 kV feeders (Alternatives A and B) require 12 pad mounted step-down transformers and 12 pad mounted switching cabinets to interconnect with the existing 13.8 kV system. Figure 1.2 includes a detailed comparison of the three alternatives.

Figure 1.2: Evaluation and Comparison of System Alternatives.

Evaluation of Alternatives		Impacts	Performance

Plymouth Area Alternatives	**Alternative A**
	Construct 34.5 kV distribution lines from new Pomerleau Lake Substation to Hollydale Substation
		• 8 miles near-term (9 miles long-term) of new distribution line
		  o 1 mile where no lines currently exist
		  o 7 miles near-term (8 miles long-term) where there are already lines
		• 145 homes along new distribution line routes
		• 12 new pad-mounted transformers (approximately 9x11x10 feet) & up to 12 switching cabinets (5x6x7 feet)
		• New Pomerleau Lake substation site
			• Provides good solution for near-term (roughly 20 years).
			• Pomerleau Lake Substation makes future improvements to meet future needs east of I-494 less challenging and expensive.
			• Provides limited ability to efficiently increase load serving capacity long-term to serve additional electrical demand

	Alternative B
	Construct 34.5 kV distribution lines from Parkers Lake Substation to Hollydale Substation
		• 10 miles near-term (11 miles long-term) of new distribution line
		  o 0 miles where no lines currently exist
		  o 10 miles near-term (11 miles long-term) where there are already lines
		• 98 homes along new distribution line routes
		• 12 new pad-mounted transformers (approximately 9x11x10 feet) & up to 12 switching cabinets (5x6x7 feet)
		• Expansion of Parkers Lake Substation site would occur on privately-owned land (parking lot, drainage easement)
		• No new substation site
			• Provides adequate solution for near-term (roughly 20 years)
			• Additional improvements will be needed east of I-494 and will be more challenging and expensive without a new Pomerleau Lake Substation.
			• Does not provide ability to efficiently increase capacity if needed in the long-term to serve additional electrical demand.
			• A large amount of load would be served from Parkers Lake Substation which increases reliability risk.

	Alternative C
	Re-energize existing 69 kV line east of Hollydale Substation and construct 13.8 kV distribution lines from Hollydale Substation & 0.7 miles of 69 kV line to connect existing line to new Pomerleau Lake Substation.
		• 4 miles of new distribution line
		  o 0 miles where no lines exist
		  o 4 miles were there are already lines
		• 26 homes along new distribution line routes
		• 0.7 miles of new transmission line
		• No new pad-mounted transformers needed
		• Vegetation management required on unmaintained 69 kV line right-of-way east of Hollydale Substation (4 miles / approximately 63 residential lots)
		• New Pomerleau Lake Substation site
			• Provides good solution for near-term (roughly 20 years).
			• Pomerleau Lake Substation makes additional improvement needs east of I-494 less challenging and expensive.
			• Provides ability to efficiently increase capacity if needed in the long-term to serve additional electrical demand.

The best performing alternative from an engineering perspective for the Transmission Area of Concern and Focused Study Area is Alternative C, due to the system flexibility, lowest capital investment, and least amount of new infrastructure. Alternative A is the next best solution due to the system flexibility to serve additional load that is provided with the addition of Pomerleau Lake substation . However, all three alternatives were designed to comparably meet the immediate, near-term, and long-term load serving needs in the Transmission Area of Concern and Focused Study Area. Since all three alternatives are comparable solutions, input on non-engineering factors will be gathered during the permitting process that will help determine which alternative is selected for construction.

2.0: Project History.

2.1: Initial Electrical Studies

In 2005 and 2006, the distribution system in Plymouth experienced historic peak loads and Xcel Energy's distribution planning engineers observed that the existing distribution system was inadequate to serve these load levels. As a result, Xcel Energy's distribution planning engineers began to study long-term solutions to address the distribution needs in this area. In 2010, distribution planning published the *Plymouth Load Serving Study* which was a compilation of various study efforts undertaken since historic peak levels were reached in 2005 and 2006. The *Plymouth Load Serving Study* evaluated three alternatives to address the need for a new source to the Plymouth distribution system. These alternatives were evaluated based on system performance, operability, future growth, cost, and electrical losses. The *Plymouth Load Serving Study* concluded that the best performing alternative included constructing a new 115 kV transmission line between a new substation near Schmidt Lake Road and Interstate 494 and the existing Hollydale and Medina substations and modifications of associated transmission facilities (Alternative A1).

In response to a request from distribution planning for additional load serving capacity at the Hollydale Substation, Xcel Energy's transmission planners published the *Hollydale/Meadow Lake Load Serving Study* in June 2011. This study evaluated three transmission alternatives to provide additional capacity to the Hollydale Substation and the impact of these alternatives on the area transmission system. This study also documented that because of load growth in the western metro area, particularly outside the I-494 loop, that the transmission system in the studied area is very near its load serving capacity. This study also identified the loss of the Gleason Lake to Parkers Lake 115/115 kV double circuit line as a key contingency that must be considered when determining which alternative to select to provide a new connection to the Hollydale Substation. In evaluating the needs of distribution and transmission, this study concluded that Alternative A1 was the best transmission alternative based on power performance, price, distribution system losses, the ability to provide additional capacity at the Hollydale Substation, and future expansion capability.

2.2: Route Permit and Certificate of Need Proceedings

On June 30, 2011, Xcel Energy and Great River Energy filed an application with the Minnesota Public Utilities Commission (Commission) for a route permit for the Hollydale 115 kV Transmission Project. As proposed in this route permit application, the Hollydale 115 kV Transmission Project included the rebuild of 8 miles of existing 69 kV transmission line to 115 kV

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Xcel Energy			
Docket No.:	E002/PA-17-713		
Response To:	MN Department of Commerce	Information Request No.	9
Requestor:	Angela Byrne / Matthew Landi		
Date Received:	October 25, 2017		

Question:

Topic: Cost-Benefit Analysis
Reference(s): Petition, pages 7 – 9; IRs #1 - #3 Responses, 10/19/17

Request:

Given that:

the Company, at times, has referenced different values for the anticipated benefits of the proposal; and

the Department's standard of review for these types of proposals is to analyze whether they are consistent with the public interest, which requires proposals to demonstrate benefits;

Please prepare a comprehensive cost-benefit analysis of this proposal.

Response:

The proposed transaction is consistent with the public interest and demonstrates benefits for our customers by avoiding significant transmission service costs while continuing to serve the Plymouth area in a reliable manner utilizing existing infrastructure.

The Hollydale electrical substation, owned by the Company, is connected to the 69 kV transmission line currently owned by Great River Energy (GRE) from Medina to Plymouth substations. The Company's purchase of the 69 kV transmission line from

GRE results in the Company avoiding paying initially approximately $1.1 million dollars, per year, to GRE for transmission services charges. These transmission service charges are avoided on an on-going basis year after year. Overtime, as the electric load served by the Hollydale substation increases, the transmission service payments would increase accordingly. The table below shows the projected avoided transmission service payment for five (5) years assuming today's GRE MISO Attachment O Rate:

Year	Hollydale Load (MW)	GRE's Att. O Rate ($/MW-YR)*	Annual Payment
2020	19	$61,406	$1,166,714
2021	19	$61,406	$1,166,714
2022	43	$61,406	$2,640,459
2023	43	$61,406	$2,640,459
2024	43	$61,406	$2,640,459

* Assumes no change in GRE Att. O Rate

The cost the Company would incur to purchase the 69 kV transmission line from GRE is $445,005, consisting of $378,205 for the right of way derived from good faith negotiations between the parties and $66,800 for the net book value of the assets. The annual savings from avoided transmission service payments to GRE would initially be approximately $1.1 million per year, increasing over time. With a net savings of over $97,226 per month, the benefit of the transaction would outweigh the cost in only 5 months.

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Department: Transmission Planning North
Telephone: 612-330-5891
Date: November 6, 2017

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Xcel Energy			
Docket No.:	E002/PA-17-713		
Response To:	MN Department of Commerce	Information Request No.	11
Requestor:	Angela Byrne / Matthew Landi		
Date Received:	October 25, 2017		

<u>Question</u>

Topic: IRs #1 and #3 Responses Follow-up Questions
Reference(s): IRs #1 and #3 Responses, 10/19/17;

Request:

1. Please explain why approximate values for Residential and Commercial property (on a $/acre basis) were used in estimating the Company's avoided costs of procuring similar easements instead of the actual values provided in the table in the response to IR #3.

2. Please explain why an "average" of Commercial and Residential land values ($150,000 per acre) was used to estimate land values of the easements when the data provided suggested that most properties were residential properties.
   a. Please also explain how the "average" fee value of $150,000 per acre was derived.
   b. Please also explain why a 50% impact was applied to the "average" fee value, which resulted in a $75,000 per acre cost estimate.

3. Please explain why land values based on Hennepin County tax information from 2011 were used to determine the market value of the easements.

4. Please explain why parcel 18-118-22-41-0009 is included in the calculation of the value of the easements if the current owner of this parcel is the Company, according to the most recently available Hennepin County tax information.

a. Please calculate what financial impact that removing this parcel from the data used to calculate the value of the easements would have on the purchase price negotiated by GRE and Xcel.

Response:

1. The Company and GRE utilized the average value by Hennepin County section number because section numbers group properties that are in close proximity to each other. In response to DOC-IR 3, the Company explained that it used a $75,000 per acre figure in making its avoided cost determination; however, the Company is not paying these avoided costs per the agreement. In addition, County assessed land values often lag market conditions and GRE's valuation summary was based on 2011 county data. The Company believes that $75,000 per acre is a reasonable estimate to use if it were to acquire all the easements needed in today's market.

2. NSP estimated $150,000 average fee value per acre for the entire eight-mile route. NSP's estimated Residential land value at $120,000 per acre and Commercial at $160,000 per acre and used $150,000 to accommodate for changes in the market, property types, etc. In addition, after reviewing the parcels along the route, the Company determined that some residential parcels along the route could be valued higher than $120,000 per acre, which also factored into using $150,000 as an average. For the purposes of the Company's analysis, school and apartment properties were considered as commercial.

    a. Please see our response to question number 2 above

    b. 50 percent impacts are commonly used in acquiring transmission line easements. This number can vary depending on the specifics of a given project, but the Company believes it is a reasonable number to assume for the sake of this estimate.

3. 2011 data was used to determine the market values of the easements because that is when the Company and GRE started to discuss this transaction. Current land values are available on the Hennepin County Property Information Search website: http://www.hennepin.us/residents/property/property-information-search.

In comparing 2011 market values, the Company believes they are fair (or may even understate the land values). For illustrative purposes, the Company pulled the first PID from every section to compare:

PID	2011 Land MV	2017 Land MV
22-118-23-23-0002	$110,000	$110,000
15-118-23-33-0008	$688,000	$626,000
14-118-23-33-0010	$510,000	$533,000
13-118-23-33-0001	$86,100	Not Found
18-118-22-33-0061	$86,000	$106,000
17-118-22-32-0004	$5,900	$7,000
16-118-22-32-0024	$5,010,000	$6,346,000
09-118-22-42-0024	$110,000	$113,000

4. Parcel 18-118-22-41-0009 is NSP's Hollydale Substation facility which the transmission line runs in and out of. GRE chose to include it in its sample land value chart. In the Company's view, this parcel provided a reasonable example of commercial land value, which in this case is $153,129 per acre. Per 2017 county data, this land parcel was assessed at $499,000 or $160,967 per acre, about a 5 percent increase since the 2011 county assessment.

    a. GRE should recalculate summary cost estimation; but from NSP's view, removing it from the 70' ROW cost estimation in Section 22 would lower the market value per acre slightly from the average of $58,000 per acre listed. It would have little, if any, impact on the negotiated purchase price.

Preparer: Christopher C. Rogers
Title: Principal Siting and Land Rights Agent
Department: Siting and Land Rights
Telephone: 612-330-6078
Date: November 6, 2017

Department Net Present Value Analysis of Docket No. E002/PA-17-713

NPV @ 2.21%*

	Discount Rate	2.21%		
	Cash Flow	**t**	**NPVt**	
(2018) Year 0	$ (445,005.00)	0	$ (445,005.00)	Xcel Finalizes Purchase of Hollydale Line
(2019) Year 1	$ -	1	$ -	
(2020) Year 2	$ 1,166,714.00	2	$ 1,116,805.73	Hollydale Line Re-Energized
(2021) Year 3	$ 1,166,714.00	3	$ 1,092,657.99	
(2022) Year 4	$ 2,640,459.00	4	$ 2,419,389.97	
(2023) Year 5	$ 2,640,459.00	5	$ 2,367,077.55	
(2024) Year 6	$ 2,640,459.00	6	$ 2,315,896.25	
(2025) Year 7	$ 2,640,459.00	7	$ 2,265,821.59	
(2026) Year 8	$ 2,640,459.00	8	$ 2,216,829.65	
(2027) Year 9	$ 2,640,459.00	9	$ 2,168,897.03	
(2028) Year 10	$ 2,640,459.00	10	$ 2,122,000.81	
(2029) Year 11	$ 2,640,459.00	11	$ 2,076,118.59	
(2030) Year 12	$ 2,640,459.00	12	$ 2,031,228.44	
(2031) Year 13	$ 2,640,459.00	13	$ 1,987,308.91	
(2032) Year 14	$ 2,640,459.00	14	$ 1,944,339.02	
(2033) Year 15	$ 2,640,459.00	15	$ 1,902,298.23	
(2034) Year 16	$ 2,640,459.00	16	$ 1,861,166.45	
(2035) Year 17	$ 2,640,459.00	17	$ 1,820,924.03	
(2036) Year 18	$ 2,640,459.00	18	$ 1,781,551.74	
(2037) Year 19	$ 2,640,459.00	19	$ 1,743,030.76	
(2038) Year 20	$ 2,640,459.00	20	$ 1,705,342.68	
(2039) Year 21	$ 2,640,459.00	21	$ 1,668,469.51	
(2040) Year 22	$ 2,640,459.00	22	$ 1,632,393.61	End of Engineering Solution Life
NSP 2018 Long-term Debt Weighted Cost		**NPV:**	**$ 39,794,543.54**	

NPV @ 3%

	Discount Rate	3%		
	Cash Flow	**t**	**NPVt**	
(2018) Year 0	$ (445,005.00)	0	$ (445,005.00)	Xcel Finalizes Purchase of Hollydale Line
(2019) Year 1	$ -	1	$ -	
(2020) Year 2	$ 1,166,714.00	2	$ 1,099,739.84	Hollydale Line Re-Energized
(2021) Year 3	$ 1,166,714.00	3	$ 1,067,708.59	
(2022) Year 4	$ 2,640,459.00	4	$ 2,346,013.62	
(2023) Year 5	$ 2,640,459.00	5	$ 2,277,683.13	
(2024) Year 6	$ 2,640,459.00	6	$ 2,211,342.84	
(2025) Year 7	$ 2,640,459.00	7	$ 2,146,934.80	
(2026) Year 8	$ 2,640,459.00	8	$ 2,084,402.72	
(2027) Year 9	$ 2,640,459.00	9	$ 2,023,691.96	
(2028) Year 1(	$ 2,640,459.00	10	$ 1,964,749.47	
(2029) Year 11	$ 2,640,459.00	11	$ 1,907,523.76	
(2030) Year 1:	$ 2,640,459.00	12	$ 1,851,964.82	
(2031) Year 1:	$ 2,640,459.00	13	$ 1,798,024.09	
(2032) Year 14	$ 2,640,459.00	14	$ 1,745,654.46	
(2033) Year 1:	$ 2,640,459.00	15	$ 1,694,810.16	
(2034) Year 1(	$ 2,640,459.00	16	$ 1,645,446.75	
(2035) Year 1'	$ 2,640,459.00	17	$ 1,597,521.12	
(2036) Year 1{	$ 2,640,459.00	18	$ 1,550,991.38	
(2037) Year 1!	$ 2,640,459.00	19	$ 1,505,816.87	
(2038) Year 2(	$ 2,640,459.00	20	$ 1,461,958.13	
(2039) Year 21	$ 2,640,459.00	21	$ 1,419,376.82	
(2040) Year 2:	$ 2,640,459.00	22	$ 1,378,035.75	End of Engineering Solution Life
		NPV:	**$ 36,334,386.09**	

NPV @ 5%

	Discount Rate	5%		
	Cash Flow	**t**	**NPVt**	
(2018) Year 0	$ (445,005.00)	0	$ (445,005.00)	Xcel Finalizes Purchase of Hollydale Line
(2019) Year 1	$ -	1	$ -	
(2020) Year 2	$ 1,166,714.00	2	$ 1,058,243.99	Hollydale Line Re-Energized
(2021) Year 3	$ 1,166,714.00	3	$ 1,007,851.42	
(2022) Year 4	$ 2,640,459.00	4	$ 2,172,312.15	
(2023) Year 5	$ 2,640,459.00	5	$ 2,068,868.72	
(2024) Year 6	$ 2,640,459.00	6	$ 1,970,351.16	
(2025) Year 7	$ 2,640,459.00	7	$ 1,876,524.91	
(2026) Year 8	$ 2,640,459.00	8	$ 1,787,166.59	
(2027) Year 9	$ 2,640,459.00	9	$ 1,702,063.41	
(2028) Year 1(	$ 2,640,459.00	10	$ 1,621,012.78	
(2029) Year 11	$ 2,640,459.00	11	$ 1,543,821.69	
(2030) Year 1:	$ 2,640,459.00	12	$ 1,470,306.37	
(2031) Year 1:	$ 2,640,459.00	13	$ 1,400,291.78	
(2032) Year 1⁄	$ 2,640,459.00	14	$ 1,333,611.22	
(2033) Year 1:	$ 2,640,459.00	15	$ 1,270,105.93	
(2034) Year 1(	$ 2,640,459.00	16	$ 1,209,624.69	
(2035) Year 1⁄	$ 2,640,459.00	17	$ 1,152,023.52	
(2036) Year 1ε	$ 2,640,459.00	18	$ 1,097,165.25	
(2037) Year 1‹	$ 2,640,459.00	19	$ 1,044,919.29	
(2038) Year 2(	$ 2,640,459.00	20	$ 995,161.23	
(2039) Year 21	$ 2,640,459.00	21	$ 947,772.60	
(2040) Year 2:	$ 2,640,459.00	22	$ 902,640.57	End of Engineering Solution Life
		NPV:	**$ 29,186,834.27**	

NPV @ 7%

	Discount Rate	7%		
	Cash Flow	**t**	**NPVt**	
(2018) Year 0	$ (445,005.00)	0	$ (445,005.00)	Xcel Finalizes Purchase of Hollydale Line
(2019) Year 1	$ -	1	$ -	
(2020) Year 2	$ 1,166,714.00	2	$ 1,019,053.19	Hollydale Line Re-Energized
(2021) Year 3	$ 1,166,714.00	3	$ 952,386.16	
(2022) Year 4	$ 2,640,459.00	4	$ 2,014,393.53	
(2023) Year 5	$ 2,640,459.00	5	$ 1,882,610.77	
(2024) Year 6	$ 2,640,459.00	6	$ 1,759,449.32	
(2025) Year 7	$ 2,640,459.00	7	$ 1,644,345.16	
(2026) Year 8	$ 2,640,459.00	8	$ 1,536,771.18	
(2027) Year 9	$ 2,640,459.00	9	$ 1,436,234.75	
(2028) Year 1(	$ 2,640,459.00	10	$ 1,342,275.46	
(2029) Year 11	$ 2,640,459.00	11	$ 1,254,463.05	
(2030) Year 1:	$ 2,640,459.00	12	$ 1,172,395.37	
(2031) Year 1:	$ 2,640,459.00	13	$ 1,095,696.61	
(2032) Year 1⁄	$ 2,640,459.00	14	$ 1,024,015.52	
(2033) Year 1:	$ 2,640,459.00	15	$ 957,023.85	
(2034) Year 1(	$ 2,640,459.00	16	$ 894,414.82	
(2035) Year 1⁄	$ 2,640,459.00	17	$ 835,901.70	
(2036) Year 1ε	$ 2,640,459.00	18	$ 781,216.54	
(2037) Year 1‹	$ 2,640,459.00	19	$ 730,108.92	
(2038) Year 2(	$ 2,640,459.00	20	$ 682,344.78	
(2039) Year 21	$ 2,640,459.00	21	$ 637,705.40	
(2040) Year 2:	$ 2,640,459.00	22	$ 595,986.36	End of Engineering Solution Life
		NPV:	**$ 23,803,787.46**	

	NPV @ 9%			
	Discount Rate	9%		
	Cash Flow	**t**	**NPVt**	
(2018) Year 0	$ (445,005.00)	0	$ (445,005.00)	Xcel Finalizes Purchase of Hollydale Line
(2019) Year 1	$ -	1	$ -	
(2020) Year 2	$ 1,166,714.00	2	$ 981,999.83	Hollydale Line Re-Energized
(2021) Year 3	$ 1,166,714.00	3	$ 900,917.28	
(2022) Year 4	$ 2,640,459.00	4	$ 1,870,567.72	
(2023) Year 5	$ 2,640,459.00	5	$ 1,716,117.18	
(2024) Year 6	$ 2,640,459.00	6	$ 1,574,419.43	
(2025) Year 7	$ 2,640,459.00	7	$ 1,444,421.50	
(2026) Year 8	$ 2,640,459.00	8	$ 1,325,157.33	
(2027) Year 9	$ 2,640,459.00	9	$ 1,215,740.67	
(2028) Year 1(	$ 2,640,459.00	10	$ 1,115,358.42	
(2029) Year 11	$ 2,640,459.00	11	$ 1,023,264.60	
(2030) Year 1:	$ 2,640,459.00	12	$ 938,774.86	
(2031) Year 1:	$ 2,640,459.00	13	$ 861,261.34	
(2032) Year 1⁄	$ 2,640,459.00	14	$ 790,148.02	
(2033) Year 1:	$ 2,640,459.00	15	$ 724,906.44	
(2034) Year 1(	$ 2,640,459.00	16	$ 665,051.78	
(2035) Year 1′	$ 2,640,459.00	17	$ 610,139.25	
(2036) Year 1ε	$ 2,640,459.00	18	$ 559,760.78	
(2037) Year 1ς	$ 2,640,459.00	19	$ 513,542.00	
(2038) Year 2(	$ 2,640,459.00	20	$ 471,139.45	
(2039) Year 21	$ 2,640,459.00	21	$ 432,238.03	
(2040) Year 2:	$ 2,640,459.00	22	$ 396,548.65	End of Engineering Solution Life
		NPV:	**$ 19,686,469.57**	

Department Analysis of NSP/GRE Easement Valuation - IR Response #3 Data Table

Section	PID	Land MV ($2011)	Acres	MV ($2011) per acre (Xcel/GRE)	MV ($2011) per acre (Dept)	Average Sec. Value (Xcel/GRE)	Average Sec. Value (DEPT)
22	22-118-23-23-0002	$ 110,000	1.86	$ 59,140	$ 59,140		
22	22-118-23-23-0007	$ 1,000,000	15.61	$ 64,062	$ 64,061	$ 58,000	$ 58,000
22	22-118-23-22-0006	$ 440,000	8.41	$ 52,319	$ 52,319		
15	15-118-23-33-0008	$ 688,000	14.08	$ 48,864	$ 48,864		
15	15-118-23-34-0001	$ 1,210,000	34.89	$ 34,680	$ 34,680	$ 45,000	$ 45,000
15	15-118-23-44-0006	$ 281,000	5.32	$ 52,820	$ 52,820		
14	14-118-23-33-0010	$ 510,000	7.1	$ 71,831	$ 71,831		
14	14-118-23-34-0008	$ 408,000	9.21	$ 44,300	$ 44,300	$ 54,000	$ 54,000
14	14-118-23-43-0008	$ 544,000	12.11	$ 44,922	$ 44,922		
13	13-118-23-33-0001	$ 86,100	40.06	$ 2,149	$ 2,149		
13	13-118-23-34-0004	$ 319,000	7.2	$ 44,306	$ 44,306		
13	13-118-23-43-0019	$ 319,000	6.68	$ 47,754	$ 47,754	$ 46,000	$ 46,000
13	13-118-23-43-0005	$ 149,000	2.69	$ 55,390	$ 55,390		
13	13-118-23-43-0007	$ 128,000	1.02	$ 125,490	$ 125,490		
13	13-118-23-44-0005	$ 44,600	31.49	$ 1,416	$ 1,416		
18	18-118-22-33-0061	$ 86,000	0.35	$ 86,000	$ 245,714		
18	18-118-22-22-0063	$ 165,000	1.26	$ 130,952	$ 130,952		
18	18-118-22-33-0028	$ 87,000	0.3	$ 87,000	$ 290,000		
18	18-118-22-34-0008	$ 87,000	0.29	$ 87,000	$ 300,000		
18	18-118-22-34-0015	$ 85,000	0.35	$ 85,000	$ 242,857		
18	18-118-22-31-0013	$ 85,000	0.36	$ 85,000	$ 236,111		
18	18-118-22-31-0001	$ 105,800	35.41	$ 3,106	$ 9,907	$ 83,000	$ 76,000
18		$ 110,000					
18		$ 135,000					
18	18-118-22-42-0075	$ 90,000	0.26	$ 90,000	$ 346,154		
18	18-118-22-42-0053	$ 106,000	0.31	$ 106,000	$ 341,935		
18	18-118-22-42-0007	$ 20,600	7.06	$ 2,918	$ 2,918		
18	18-118-22-41-0009	$ 474,700	3.1	$ 153,129	$ 153,129		
17	17-118-22-32-0004	$ 5,900	5.93	$ 995	$ 995		
17	17-118-22-31-0131	$ 54,000	0.2	$ 54,000	$ 270,000		
17	17-118-22-31-0102	$ 54,000	0.13	$ 54,000	$ 415,385	$ 57,000	$ 57,000
17	17-118-22-42-0006	$ 110,000	0.3	$ 110,000	$ 366,667		
17	17-118-22-42-0070	$ 110,000	0.83	$ 110,000	$ 132,530		
17	17-118-22-41-0014	$ 12,500	0.85	$ 12,500	$ 14,706		
16	16-118-22-32-0024	$ 5,010,000	16.32	$ 306,985	$ 306,985		
16	16-118-22-13-0075	$ 113,000	0.92	$ 113,000	$ 122,826		
16	16-118-22-13-0018	$ 113,000	0.47	$ 113,000	$ 240,426	$ 137,000	$ 137,000
16	16-118-22-24-0073	$ 97,000	0.32	$ 97,000	$ 303,125		
16	16-118-22-12-0043	$ 97,000	0.26	$ 97,000	$ 373,077		
16	16-118-22-21-0055	$ 98,000	0.36	$ 98,000	$ 272,222		
9	09-118-22-42-0024	$ 110,000	0.23	$ 110,000	$ 478,261		
9	09-118-22-43-0105	$ 110,000	0.23	$ 110,000	$ 478,261		
9	09-118-22-42-0033	$ 111,000	0.3	$ 111,000	$ 370,000	$ 103,000	$ 103,000
9	09-118-22-31-0009	$ 78,000	0.31	$ 78,000	$ 251,613		
9	09-118-22-14-0012	$ 110,000	4.81	$ 22,869	$ 22,869		

Department Analysis of NSP/GRE Easement Valuation - IR Response #1 Data Table

Section	Approx. ROW length in Section (ft)	70' ROW	Approx. Acres	NSP/GRE Calculations			DEPT Calculations		
				av MV per acre	100%	50%	av MV per acre	100%	50%
22	2,250	157,500	3.62	$ 58,000.00	$ 209,711.00	$ 104,855.00	$ 58,000.00	$ 209,711.00	$ 104,855.50
15	5,280	369,600	8.48	$ 45,000.00	$ 381,818.00	$ 190,909.00	$ 45,000.00	$ 381,818.00	$ 190,909.00
14	5,280	369,600	8.48	$ 54,000.00	$ 458,182.00	$ 229,091.00	$ 54,000.00	$ 458,182.00	$ 229,091.00
13	5,280	369,600	8.48	$ 46,000.00	$ 390,303.00	$ 195,152.00	$ 46,000.00	$ 390,303.00	$ 195,151.50
18	7,275	509,250	11.69	$ 83,000.00	$ 970,270.00	$ 485,167.00	$ 76,000.00	$ 888,440.00	$ 444,220.00
17	5,280	369,600	8.48	$ 57,000.00	$ 483,636.00	$ 241,818.00	$ 57,000.00	$ 483,636.00	$ 241,818.00
16	5,080	355,600	8.16	$ 137,000.00	$ 1,118,393.00	$ 559,197.00	$ 137,000.00	$ 1,118,393.00	$ 559,196.50
9	6,225	435,750	10	$ 103,000.00	$ 1,030,355.00	$ 515,177.00	$ 103,000.00	$ 1,030,355.00	$ 515,177.50
				TOTAL	**$ 5,042,668.00**	**$ 2,521,366.00**	**TOTAL**	**$ 4,960,838.00**	**$ 2,480,419.00**

XCEL/GRE Calculations			DEPT Calculations		
Fee Value for 70' ROW	75% of fee value	90% Discount	Fee value for 70' ROW	75% of fee value	90% Discount
$ 5,042,668	$ 3,782,001	$ 378,200	$ 4,960,838	$ 3,720,629	$ 372,063

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. E002/PA-17-713

Dated this 29th day of November 2017

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17-713_17-713
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_17-713_17-713
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121	Electronic Service	No	OFF_SL_17-713_17-713
Mara	Ascheman	mara.k.ascheman@xcelenergy.com	Xcel Energy	414 Nicollet Mall Fl 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-713_17-713
Ryan	Barlow	Ryan.Barlow@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-713_17-713
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-713_17-713
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-713_17-713
James	Canaday	james.canaday@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota St. St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-713_17-713
Jeanne	Cochran	Jeanne.Cochran@state.mn.us	Office of Administrative Hearings	P.O. Box 64620 St. Paul, MN 55164-0620	Electronic Service	No	OFF_SL_17-713_17-713
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd. St, Louis, MO 63119-2044	Electronic Service	No	OFF_SL_17-713_17-713

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-713_17-713
Corey	Conover	corey.conover@minneapolismn.gov	Minneapolis City Attorney	350 S. Fifth Street City Hall, Room 210 Minneapolis, MN 554022453	Electronic Service	No	OFF_SL_17-713_17-713
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