



February 5, 2014

TO: William Grant, Deputy Commissioner
Division of Energy Resources

THROUGH: Deborah Pile, Director

FROM: William Cole Storm, Staff
EERA (Tel: 651-539-1844)

RE: Staff Recommendation on the Scoping Decision
Minnesota Power Canisteo HVTL Project
PUC Docket Number: E015/TL-13-805

ACTION REQUIRED: Signature of the Deputy Commissioner on the attached Order, "Environmental Assessment Scoping Decision." Once signed, the Department of Commerce (DOC) Energy Environmental Review and Analysis (EERA) staff will mail the notice of the order to interested parties.

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.

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 EERA 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 exempted 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.

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

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 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, have been incorporated into the EERA staff's recommended Environmental Assessment Scoping Decision.

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

Commission's Decision in Consideration of Alternatives

On January 30, 2014, the Commission at its regularly scheduled meeting considered what action, if any, the Commission should take in regards to the alternatives put forth during the scoping process; the Commission elected to take no action in this matter.

Schedule

Please review and provide a signature on Wednesday, February 5, 2014. If you require any changes or have any questions, please contact staff as soon as possible. The Environmental Assessment is scheduled to be completed on May 30, 2014.



**In the Matter of Minnesota Power's Application
for a HVTL Route Permit for the proposed MP
Canisteo HVTL Project.**

**ENVIRONMENTAL ASSESSMENT SCOPING
DECISION
PUC Docket No. E015/TL-13-805**

The above matter came before the Deputy Commissioner, Department of Commerce (Department) for a decision on the scope of the Environmental Assessment (EA) to be prepared for the Minnesota Power application for a Route Permit to construct the proposed MP Canisteo HVTL Project.

INTRODUCTION

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 Public Utilities Commission for the proposed Canisteo transmission line and substation project.

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

There was no Advisory Task Force established for this routing docket.

Project Description

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 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.

State Regulatory Background

Minnesota Statute 216E.03, subd. 2 provides that no person may construct a high voltage transmission line without a Route Permit from the Commission. An HVTL is defined as a transmission line of 100 kV or more and greater than 1,500 feet in length in Minnesota Statute 216E.01, subd. 4. The proposed transmission lines are HVTLs and therefore a Route Permit is required prior to construction. The Application was submitted pursuant to the provisions of the Alternative Permitting Process outlined in Minn. Rules 7850.2800-3900.

The MP Canisteo HVTL project qualifies for review under the alternative permitting process authorized by Minnesota Statute 216E.04, subd. 2(3), and Minn. Rule 7850.2800, subp. 1(C), because the proposed HVTLs are between 100 and 200 kV. According to that same rule, since the project qualifies for the alternative permitting process, the Applicant can choose to follow the procedures under Minn. Rule 7850.2800-3900 rather than the procedures for a full process under 7850.1700-2700. Minnesota Power has chosen to follow the alternative permitting process.

Route permit applications must provide specific information about the proposed project including, but not limited to, applicant information, route description, environmental impacts, alternatives, and mitigation measures (Minn. Rule 7850.3100). The Commission may accept an application as complete, reject an application and require additional information to be submitted, or accept an application as complete upon filing of supplemental information (Minn. Rule 7850.3200).

The review process begins with the determination by the Commission that the application is complete. The Commission has six months to reach a final decision on the route permit application from the date the application is determined to be complete. The Commission may extend this limit for up to three months for just cause or upon agreement of the applicant (Minn. Rule 7850.3900).

Environmental Review

Applications for high voltage transmission line route permits under the alternative permitting process are subject to environmental review, which is conducted by the Department of Commerce Energy Environmental Review and Analysis (EERA) staff under Minn. Rule 7850.3700. EERA staff provides notice and conducts public information and scoping meetings to solicit public comments on the scope of the environmental assessment (EA). The Deputy Commissioner of the Department of Commerce determines the scope of the EA.

An EA is a written document that describes the human and environmental impacts of a proposed project (and selected alternative routes) and methods to mitigate such impacts. The EA will be completed and made available prior to the public hearing.

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 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.

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.

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

On January 6, 2014, EERA staff submitted a summary describing the scoping process to the Commission. On January 30, 2014, the Commission at its regularly scheduled meeting considered what action, if any, the Commission should take in regards to the alternatives to be considered in the EA; the Commission elected to take no action in this matter.

Having reviewed the matter, consulted with Energy Environmental Review and Analysis staff, and in accordance with Minnesota Rule 7850.3700, I hereby make the Scoping Decision:

MATTERS TO BE ADDRESSED IN THE EA

The EA on the proposed MP Canisteo HVTL project will address and provide information on the following matters:

1.0 PROJECT DESCRIPTION

- Purpose of the Transmission Line
- Project Location
- Route Description
- Route Width
- Rights-of-Way Requirements
- Project Cost
- Sources of Information

2.0 REGULATORY FRAMEWORK

- CN Applicability
- HVTL Route Permit Process
- Environmental Review Process

3.0 ENGINEERING AND OPERATION DESIGN

- Transmission Line Conductors
- Transmission Line Structures

4.0 CONSTRUCTION

- Transmission Line and Structures
- Property/Right-of-Way Acquisition
- Cleanup and Restoration
 - Wildlife Friendly Erosion Control
- Damage Compensation
- Maintenance
 - Herbicide Application and Wetlands/Public Waters
 - Invasive Species Management

5.0 AFFECTED ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATIVE MEASURES

The EA will include a discussion of the following human and environmental resources potentially impacted by the project and its alternatives. Potential impacts, both positive and negative, of the proposed project and each alternative considered will be described. Based on the impacts identified, the EA will describe mitigative measures that could reasonably be implemented to reduce or eliminate the identified impacts. The EA will describe any unavoidable impacts resulting from implementation of the proposed project.

- Environmental Setting
- Socioeconomic Setting
- Human Settlement
 - Displacement

Noise

Construction Activities

Aesthetics

Visual and View-shed

Proximity to Structures

Residences

Businesses

Schools/Daycares

Hospitals

Cemeteries

Existing Utilities

Public Health and Safety

Electric and Magnetic Fields

Implantable Medical Devices

Stray Voltage

Tower Collapse

Security of Facilities, placarding, emergency provisions

Recreation

Parks (city, county, state and federal)

Trails (walking, bike)

Transportation and Public Services

Emergency Services

Airports

Highways, Roads and Bike Paths

Traffic (during construction)

Interference

Radio and Television (digital and satellite)

Internet (Wi-Fi)

Cellular Phone

Current and Future Infrastructure

Emergency vehicle pre-emption devices

Archaeological and Historic Resources

Zoning and Compatibility/Federal, State and Local Government Planning

Land-Based Economies

Agriculture

Forestry

Property Values

Residential

Industrial

Agriculture

Air Quality (As it pertains specifically to this transmission line only.)

Construction (heavy equipment, dust)

Natural Resources

Surface Water

Lakes

Surface/stormwater Flows

Groundwater

Dewatering Requirements

Wetlands
Floodplains
State Wildlife Management Areas/Scientific Natural Areas
National Wildlife Refuge/Waterfowl Production Areas
Flora
Invasive Species
Fauna
Avian Impacts (diverter methods)
Rare and Unique Natural Resources/Critical Habitat

6.0 REJECTED ALTERNATIVE ROUTES

The EA will include a discussion of route alternatives that were evaluated by the Applicants and/or through the scoping process and rejected.

7.0 REQUIRED PERMITS AND APPROVALS

The EA will include a list of permits that will be required for the project.

The above outline is not intended to serve as a "Table of Contents" for the EA document, and as such, the organization (i.e., structure of the document) of the information and the data may not be similar to that appearing in the EA.

ISSUES OUTSIDE THE SCOPE OF THE EA

The following issues will not be considered or evaluated in the EA:


- Any route alternative(s) not specifically identified in this scoping decision.
- The impacts of specific energy sources, such as carbon outputs from coal-generated facilities.
- The manner in which landowners are paid for transmission rights-of-way easements.

SCHEDULE

The EA is scheduled to be available by May 30, 2014.

Signed this 5th day of February, 2014

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



William Grant, Deputy Commissioner

