

**STATE OF MINNESOTA  
COURT OF ADMINISTRATIVE HEARINGS  
FOR THE PUBLIC UTILITIES COMMISSION**

**In the Matter of the Combined  
Application for the Lyon County  
Generating Station Project in Lyon  
County, MN**

MPUC Docket Nos. E-002/CN-25-145,  
TL-25-161; G002/GS-25-154, GP-25-  
163  
CAH Docket No. 5-2500-41123

**XCEL ENERGY’S PROPOSED  
FINDINGS OF FACT,  
CONCLUSIONS OF LAW, AND  
RECOMMENDATIONS**

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RECOMMENDATIONS**

This matter was assigned to Administrative Law Judge James Mortenson to conduct public hearings on the Combined Application for a Certificate of Need, Site Permit, Transmission Line Route Permit, and Partial Exemption and Pipeline Routing Permit (Application) of Northern States Power Company (NSP), a Minnesota corporation, doing business as Xcel Energy (Xcel Energy or the Company) for the Lyon County Generating Station Project (Project). The Minnesota Public Utilities Commission (Commission) also requested that the Administrative Law Judge prepare findings of fact and conclusions of law and provide recommendations, if any, on conditions and provisions of the proposed Site Permit, Transmission Line Route Permit, and Pipeline Routing Permit and Partial Exemption.

Public hearings on the Application were held on January 26, 2026 (in person) and January 27, 2026 (remote access - telephone and internet).

Jared Graham, Xcel Energy, 414 Nicollet Mall, Minneapolis, 55401, and Haley Waller Pitts, Fredrikson & Byron, P.A., 60 South Sixth Street, Suite 1500, Minneapolis, Minnesota 55402, appeared on behalf of Xcel Energy.

Craig Janezich, Energy Facility Planner, and James E. Sullivan, Environmental Review Manager, 121 Seventh Place East, Suite 350, St. Paul, MN 55101 appeared on behalf of the Commission.

## **STATEMENT OF THE ISSUES**

1. Does the Environmental Assessment (EA) include the information required by applicable law, and was it prepared in compliance with applicable law?
2. Has Xcel Energy satisfied the criteria established in Minn. Stat. § 216B.243 and Minn. R. Ch. 7849 for a Certificate of Need for the Project?
3. Has Xcel Energy satisfied the criteria established in Minn. Stat. Ch. 216E and Minn. R. Ch. 7850 for a site permit for the Lyon County Generating Station?
4. Has Xcel Energy satisfied the criteria established in Minn. Stat. Ch. 216E and Minn. R. Ch. 7850 a Route Permit for the Transmission Lines?
5. Has Xcel Energy met the criteria for the granting of a Pipeline Routing Permit under the partial exemption pipeline route selection procedures set forth in Minn. Stat. § 216G.02, subd. 3, and Minn. R. 7852.0700, subp. 3 for the Pipeline?

## **SUMMARY OF RECOMMENDATIONS**

The Administrative Law Judge recommends that the Commission determine that the EA prepared for these proceedings was prepared in compliance with applicable law, and addresses the issues and alternatives raised in scoping to a reasonable extent considering the availability of information and the time limitations for considering the permit application.

The Administrative Law Judge recommends that the Commission issue Applicant a Certificate of Need for the Project. The Administrative Law Judge concludes that Applicant has satisfied all relevant criteria set forth in Minnesota law for a Certificate of Need for the Project.

The Administrative Law Judge concludes that Xcel Energy has satisfied all relevant criteria set forth in Minnesota law for a Site Permit for the Project and recommends that the Commission grant a Site Permit.

The Administrative Law Judge further concludes that Xcel Energy has satisfied all relevant criteria set forth in Minnesota law for a Route Permit for the Transmission Lines and recommends that the Commission grant a Route Permit.

Finally, the Administrative Law Judge recommends that the Commission conclude that Xcel Energy has satisfied the applicable legal requirements and the criteria set forth in Minnesota law for a partial exemption and issuance of a Pipeline Routing

Permit, and, therefore, recommends that the Commission grant Xcel Energy a Pipeline Routing Permit and Partial Exemption for the Pipeline.

Based on information in the Applications, the EA prepared by the Commission's Energy Infrastructure Permitting staff (EIP Staff), the testimony at the public hearings, the written comments received, exhibits received in this proceeding, and other evidence in the record, the Administrative Law Judge makes the following:

## **FINDINGS OF FACT**

### **I. THE APPLICANT**

1. Xcel Energy is a public utility that generates electrical power, and transmits, distributes, and sells it to residential and business customers within service territories assigned by state regulators in parts of Minnesota, Wisconsin, South Dakota, North Dakota, and the upper peninsula of Michigan.<sup>1</sup>

2. The Company and NSP, a Wisconsin corporation, collectively the NSP Companies, own and operate the five-state integrated NSP System pursuant to the terms of the Federal Energy Regulatory Commission approved Interchange Agreement. The NSP Companies have about 1.8 million electricity customers in the upper Midwest. The Company owns and operates multiple electric generation facilities serving this area using a variety of technologies and fuels, including coal, natural gas, wind, solar, hydro, refuse derived fuel, and nuclear. Additional wind, solar, landfill gas, biomass, and hydropower are also included in Xcel Energy's generation portfolio through purchased power agreements.<sup>2</sup>

### **II. PROCEDURAL HISTORY**

3. On March 14, 2025, Xcel Energy filed a request for exemptions from certain content requirements for a Certificate of Need application.<sup>3</sup>

4. On March 19, 2025, the Commission issued the Notice of Comment Period on Request for Exemption from Certain Certificate of Need Filing Requirements scheduling an initial comment period until March 28, 2025, a reply comment period until April 4, 2025, and a supplemental comment period until April 9, 2025.<sup>4</sup>

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<sup>1</sup> Ex. XCEL-4 at 14 (Application).

<sup>2</sup> Ex. XCEL-4 at 14 (Application).

<sup>3</sup> Ex. XCEL-1 (CN Exemption Request).

<sup>4</sup> Ex. PUC-1 (Notice of Comment Period for Exemption from Certain CN Filing Requirements).

5. On March 28, 2025, the Office of the Attorney General—Residential Utilities Division (OAG), filed comments in response to Xcel Energy’s request for exemptions from five Certificate of Need application content requirements.<sup>5</sup> The Minnesota Department of Commerce, Division of Energy Resources (Department) also submitted comments in response to Xcel Energy’s exemption requests.<sup>6</sup>

6. On April 4, 2025, Xcel Energy filed reply comments regarding its exemption requests.<sup>7</sup>

7. On April 9, 2025, the OAG filed supplemental comments regarding Xcel Energy’s request for exemptions.<sup>8</sup>

8. On April 11, 2025, Xcel Energy filed notice of its intent to seek a site permit for the proposed Lyon County Generating Station and a Route Permit for two, less than one-mile, single-circuit 345-kilovolt (kV) transmission lines under the alternative permitting procedures of Minn. R. 7850.2800 to 7850.3900.<sup>9</sup>

9. On April 25, 2025, the Commission issued a Notice of Commission Meeting scheduled for May 8, 2025.

10. On April 30, 2025, the Commission filed the Staff Briefing Papers for the Project ahead of the May 8, 2025, Commission Agenda Meeting.<sup>10</sup>

11. On May 9, 2025, Xcel Energy filed a Combined Application for a Certificate of Need, Site Permit, Transmission Line Route Permit, and Partial Exemption and Pipeline Routing Permit for the Project,<sup>11</sup> the notice of filing the Combined Application,<sup>12</sup> and a summary of the Certificate of Need filing.<sup>13</sup>

12. On May 13, 2025, the Commission filed the Notice of Comment Period on Application Completeness scheduling an initial comment period until June 6, 2025, a reply comment period until June 13, 2025, and a supplemental comment period until June 19, 2025.<sup>14</sup>

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<sup>5</sup> OAG Comments (March 28, 2025) (eDocket Nos. [20253-216978-01](#) and [20253-216978-02](#)).

<sup>6</sup> DER Comments (March 28, 2025) (eDocket No. [20253-216944-01](#)).

<sup>7</sup> Ex. XCEL-2 (Exemption Request Reply Comments).

<sup>8</sup> OAG Supplemental Comments (April 9, 2025) (eDocket No. [20254-217448-01](#)).

<sup>9</sup> Ex. XCEL-3 (Notice of Intent to Submit under Alternative Process).

<sup>10</sup> Ex. PUC-2 (Notice of Commission Meeting).

<sup>11</sup> Staff Briefing Papers (April 30, 2025) (eDocket No. [20254-218389-01](#)).

<sup>12</sup> See Exs. XCEL-4 through XCEL-17.

<sup>13</sup> Ex. XCEL-19 (Notice of Filing Application).

<sup>14</sup> Ex. XCEL-18 (Application – Summary of CN Filing).

13. On May 14, 2025, the Commission issued an order approving Xcel Energy's requested exemption and data substitutions and required Xcel Energy to file updated forecast information in this docket when it files its annual report in docket number E-999/PR-25-11.<sup>15</sup>

14. On June 6, 2025, the Department of Commerce, Energy Environmental Review and Analysis (EERA) staff filed comments recommending that the Site, Route, and Pipeline permit portions of the Combined Application be accepted as complete.<sup>16</sup> The Department also submitted comments recommending that Xcel Energy's Combined Application be declared complete upon submission of additional data.<sup>17</sup>

15. On June 13, 2025, Xcel Energy filed reply comments in response to the comments of the Department and EERA.<sup>18</sup>

16. On June 18, 2025, the OAG submitted supplemental comments in response to Xcel Energy's reply comments.<sup>19</sup> The Department also submitted supplemental comments.<sup>20</sup>

17. On June 23, 2025, Xcel Energy filed a compliance filing stating that it had completed all notices required in connection with the May 9, 2025, filing of its Combined Application.<sup>21</sup>

18. On July 1, 2025, Xcel Energy filed updated sales and demand forecast information pursuant to the Commission's May 14, 2025, Order.<sup>22</sup>

19. On July 11, 2025, the Commission filed the Consent Items submitted for Commission review on July 10, 2025.<sup>23</sup>

20. On July 14, 2025, the Commission issued an order accepting the Combined Application as substantially complete; requiring environmental review and hearing processes for the certificate of need and site, route, and pipeline permits jointly, including preparation of an EA in lieu of an environmental report; declining to appoint

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<sup>15</sup> Ex. PUC-4 (Order).

<sup>16</sup> Ex. EIP-1 (DOC EERA Comments on the Xcel Energy Lyon County Generating Station Project).

<sup>17</sup> Ex. EIP-4 (DOC EERA Comments on the Xcel Energy Lyon County Generating Station Project).

<sup>18</sup> Ex. XCEL-20 (Application Completeness Reply Comments with Attachments).

<sup>19</sup> OAG Supplemental Comments (June 18, 2025) (eDocket No. [20256-220002-01](#)).

<sup>20</sup> DER Supplemental Comments (June 18, 2025) (eDocket No. [20256-219986-01](#)).

<sup>21</sup> Ex. XCEL-21 (Application Notice Compliance Filing).

<sup>22</sup> Ex. XCEL-22 (Updated Sales and Demand Forecast Compliance Filing).

<sup>23</sup> PUC Consent Items Minutes (July 11, 2025) (eDocket No. [20257-220859-01](#)).

an advisory task force; and requesting a full Administrative Law Judge report with recommendations for the Project's public hearing.<sup>24</sup>

21. On July 31, 2025, the Commission issued a Notice of Public Information and EA Scoping Meetings.<sup>25</sup>

22. On August 19, 2025, Lyon County submitted comments concerning the Project and the potential impacts to County Ditch 29 and County Ditch 24.<sup>26</sup>

23. On August 21, 2025, the Commission filed the Consent Items submitted for Commission review on August 21, 2025, with the signature of the subcommittee chair.<sup>27</sup>

24. On August 22, 2025, the Commission issued an order delegating authority to the Executive Secretary to issue an authorization to Xcel Energy to initiate consultation with the Minnesota State Historic Preservation Office (SHPO).<sup>28</sup>

25. On August 27, 2025, LIUNA Minnesota and North Dakota (LIUNA) filed comments on the Combined Application for the Project.<sup>29</sup> The Minnesota Department of Resources (DNR) filed comments regarding potential environmental and wildlife impacts that should be considered in scoping for the EA.<sup>30</sup> DNR also field the results of this Natural Heritage Review for the Project.<sup>31</sup> The Minnesota Department of Transportation (MnDOT) submitted comments regarding impacts to the US 59 right-of-way, stormwater ponds, and traffic control.<sup>32</sup>

26. On August 28, 2025, Xcel Energy submitted a compliance filing showing that notice of the Public Information and Environmental Assessment Scoping Meetings had been published in the *Tracy Area Headlight Herald* and *Marshall, MN Independent*.<sup>33</sup>

27. On September 5, 2025, EIP Staff filed a letter summarizing the EA scoping comment period and recommending that the Commission authorize EIP Staff

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<sup>24</sup> Ex. PUC -5 (Order).

<sup>25</sup> Ex. PUC-6 (Notice of Public Information and Environmental Assessment Scoping Meetings).

<sup>26</sup> Ex. EIP-7 (Lyon County Planning & Zoning – Soil & Water Conservation District Comment Letter).

<sup>27</sup> Consent Items Minutes (Aug. 21, 2025) (eDocket No. [20258-222316-01](#)).

<sup>28</sup> Ex. PUC-7 (Order).

<sup>29</sup> Ex. EIP-10 (LIUNA Comment Letter).

<sup>30</sup> DNR Comments on EA (Aug. 27, 2025) (eDocket No. [20258-222476-01](#)).

<sup>31</sup> Ex. EIP-9 (DNR Comment Letter).

<sup>32</sup> Ex. EIP-8 (MnDOT Comment Letter).

<sup>33</sup> Ex. XCEL-23 (Scoping Notice Compliance Filing).

to include solely the site and route for the Project identified by Xcel Energy in its combined application in the EA scoping decision.<sup>34</sup>

28. On September 16, 2025, the Administrative Law Judge issued a prehearing order setting the schedule for the proceedings.<sup>35</sup>

29. On September 29, 2025, EIP Staff filed an email exchange between Commission staff and Tyler Beemer regarding removing the evaporative cooling system from the design for the Project.<sup>36</sup>

30. On October 2, 2025, Xcel Energy filed a letter describing its proposed Project revisions.<sup>37</sup>

31. On October 8, 2025, the Commission filed a letter authorizing Xcel Energy to initiate consultation with SHPO pursuant to Minn. Stat. § 138.665.<sup>38</sup>

32. On October 23, 2025, the Commission filed the Consent Items submitted for Commission review on October 23, 2025, with the signature of the subcommittee chair.<sup>39</sup>

33. On October 28, 2025, the Commission issued an order stating that EIP Staff should solely include the site and route for the Project identified by Xcel Energy in its Combined Application in the EA scoping decision.<sup>40</sup>

34. On October 30, 2025, EIP Staff filed a final scoping decision for the Project.<sup>41</sup>

35. On November 24, 2025, the Commission filed a sample routing permit for the construction of a large pipeline and associated facilities, a sample route permit for a high-voltage transmission line and associated facilities, and a sample site permit for a large electric power generating plant (LEPGP).<sup>42</sup>

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<sup>34</sup> Ex. EIP-11 (PUC EIP Scoping Letter - Scoping Summary and Recommendation).

<sup>35</sup> ALJ Prehearing Order (Sept. 16, 2025) (eDocket No. [20259-223053-01](#)).

<sup>36</sup> PUC Comments - Applicant email regarding change in evaporative cooling (Sept. 29, 2025) (eDocket No. [20259-223391-01](#)).

<sup>37</sup> Ex. EIP-12 (Xcel Energy Comment Letter).

<sup>38</sup> Ex. PUC-8 (SHPO Letter).

<sup>39</sup> PUC Consent Items Minutes (Oct. 23, 2025) (eDocket No. [202510-224231-01](#)).

<sup>40</sup> Ex. PUC-9 (Order).

<sup>41</sup> Ex. EIP-13 (PUC EIP Scoping Decision and Notice).

<sup>42</sup> Ex. PUC-10 (Other – Sample Permit).

36. On January 9, 2026, the EIP Staff published the EA for the Project.<sup>43</sup> The Commission issued a notice announcing the availability of the EA and scheduling public hearings on the Application for January 26 and 27, 2026.<sup>44</sup>

37. On January 12, 2026, Xcel Energy filed the direct testimonies of Jessica R. Keller,<sup>45</sup> Tyler S. Beemer,<sup>46</sup> and Michael D. Aasen.<sup>47</sup>

38. On February 3, 2026, the Commission filed the handout from the Public Hearings.<sup>48</sup>

39. On February 4, 2026, Xcel Energy filed comments in support of the Certificate of Need for the Project.<sup>49</sup>

40. On February 9, 2026, the Commission filed written comments from Ian Hedberg<sup>50</sup> and Drew Harper.<sup>51</sup>

41. On February 11, 2026, Xcel Energy filed comments regarding the EA and Sample Permits.<sup>52</sup> DNR<sup>53</sup> and the Minnesota Interagency Vegetation Management Planning Working Group (VMPWG)<sup>54</sup> also filed comments regarding the EA and Sample Permits. The Department<sup>55</sup> and the OAG filed comments regarding the certificate of need.<sup>56</sup>

42. On February 12, 2026, the Commission filed comments submitted by the Minnesota Pollution Control Agency (MPCA)<sup>57</sup> and the U.S. Environmental Protection

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<sup>43</sup> Ex. EIP-14 (EA).

<sup>44</sup> Ex. PUC-11 (Notice of Public Hearings and Availability of Environmental Assessment).

<sup>45</sup> Ex. XCEL-26 (Direct Testimony of Jessica R. Keller with Schedule 1) (Keller Direct).

<sup>46</sup> Ex. XCEL-25 (Direct Testimony of Tyler S. Beemer with Schedule 1) (Beemer Direct).

<sup>47</sup> Ex. XCEL-24 (Direct Testimony of Michael D. Aasen with Schedule 1) (Aasen Direct).

<sup>48</sup> Public Hearing Handout (Feb. 3, 2026) (eDocket No. [20262-227790-01](#)).

<sup>49</sup> Xcel Energy Comments in Support of Certificate of Need (Feb. 4, 2026) (eDocket Nos. 20262-227861-01 and [20262-227861-02](#)) (Xcel Energy Comments in Support of Certificate of Need).

<sup>50</sup> Comment by Ian Hedberg (Feb. 9, 2026) (eDocket No. [20262-227948-01](#)).

<sup>51</sup> Comment by Drew Harper (Feb. 9, 2026) (eDocket No. [20262-227950-01](#)).

<sup>52</sup> Xcel Energy Comments on EA and Sample Permits (Feb. 11, 2026) (eDocket No. [20262-228063-01](#)).

<sup>53</sup> DNR Comments on EA and Sample Permits (Feb. 11, 2026) (eDocket No. [20262-228065-01](#)).

<sup>54</sup> VMPWG Comments on EA and Sample Permits (Feb. 11, 2026) (eDocket No. [20262-228073-01](#)).

<sup>55</sup> Department Comments (Feb. 11, 2026) (eDocket No. [20262-228072-01](#)) (Department Comments).

<sup>56</sup> OAG Comments (Feb. 11, 2026) (eDocket Nos. [20262-228077-01](#), [20262-228077-02](#), and 20262-228077-03) (OAG Comments).

<sup>57</sup> MPCA Comments on the EA (Feb. 12, 2026) (eDocket No. [20262-228104-01](#)).

Agency, Region 5 (EPA) regarding the EA.<sup>58</sup> LIUNA also submitted comments regarding the Project.<sup>59</sup>

43. On February 18, 2026, Xcel Energy filed reply comments in support of the Certificate of Need for the Project.<sup>60</sup>

44. On February 20, 2026, Xcel Energy filed its Response to Hearing Comments and Proposed Findings of Fact, Conclusions of Law, and Recommendations.

### III. THE PROJECT

45. The Project will provide firm dispatchable generation to ensure reliable service to Xcel Energy’s customers. The Project includes construction and operation of the following components:

- Combustion Turbines (Generators, or CTs) and Transmission Lines: Two approximately 210 megawatt (MW) CTs and associated facilities, including on-site operation facilities, water bath heater, emergency diesel fire pump, and emergency diesel generators and two short transmission line connections. The Generators will be referred to as the “Generation Project.” The connections will be referred to as “Transmission Lines.”
- Pipeline: An approximately 965-foot natural gas pipeline, consisting of approximately 700 feet of 12-inch diameter pipe and two “branches” of eight-inch diameter pipe, each connecting to a Generator, and associated facilities (the Pipeline). The Pipeline is anticipated to operate at approximately 550 pounds per square inch gauge (psig). The Pipeline will be fed from an existing Northern Border Pipeline Company (Northern Border).<sup>61</sup>

46. The Project also includes the following associated facilities:

- On-site operation facilities (administration/control room building and an emergency diesel fire pump building).

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<sup>58</sup> EPA Comments on the EA (Feb. 12, 2026) (eDocket No. [20262-228103-01](#)).

<sup>59</sup> LIUNA Comments (Feb. 12, 2026) (eDocket No. [20262-228094-01](#)).

<sup>60</sup> Xcel Energy Reply Comments (Certificate of Need) (Feb. 18, 2026) (eDocket Nos. [20262-228306-01](#), [20262-228306-02](#), and [20262-228306-03](#)) (Xcel Energy Reply Comments (Certificate of Need)).

<sup>61</sup> Ex. XCEL-4 at 1 (Application).

- Two field-erected tanks for the storage of demineralized water and service/fire water.
- Emergency diesel generators to provide emergency power, with an associated diesel belly tank.
- One 350-horsepower emergency diesel fire pump to protect against fire should a fire arise, with an associated diesel belly tank.
- One 9.9 million British thermal units per hour (MMBtu/hr) water bath heater to heat the natural gas prior to combustion in the two 210 MW CTs.<sup>62</sup>

47. The Project will be located entirely on two parcels that will be owned by Xcel Energy in Lyon County and adjacent to the proposed Garvin Substation at the southernmost end of the Minnesota Energy Connection Project (or, MNEC). MNEC is an approximately 180-mile, 345 kV double-circuit transmission line between the existing Sherburne County Generation Station Substation (Sherco Substation) in the city of Becker, Minnesota, and the proposed Garvin Substation reviewed by the Commission in Docket Nos. E002/CN-22-131 and E002/TL-22-132. The Project will interconnect to the grid via MNEC, which will need to be in-service for the Project to be operational. The Project Area is approximately 155 acres in size. Permanent impacts will be limited to approximately 30 acres.<sup>63</sup>

**A. Generation Project**

48. The Generation Project will consist of the following equipment in series:
- Inlet Air Filter and Evaporative Cooler - cleans and cools the air entering the CT;
  - Compressor - where air is drawn in and compressed;
  - Combustor - where the air/fuel mixture is ignited;
  - Power Turbine - where the combusted gases expand to rotate a turbine-generator shaft;

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<sup>62</sup> Ex. EIP-14 at 22 (EA).

<sup>63</sup> Ex. XCEL-4 at 1-2 (Application).

- Generator - converts mechanical energy to electrical energy;
- Main Step-Up Transformer - increases the generator voltage of 18-kV to the transmission voltage of 345-kV; and
- Auxiliary Transformer - converts power to lower voltages for use by the Unit's auxiliary equipment.<sup>64</sup>

49. In addition to the CTs, the Project will also include diesel generators to provide emergency power.<sup>65</sup>

## **B. Transmission Lines**

50. The Transmission Lines will be double circuit 345-kV, originating out of the Generation Project and would terminate into the Garvin Substation.<sup>66</sup> The Transmission Lines will be approximately 4,300 feet in length.<sup>67</sup>

51. The Transmission Lines will connect the Generation Project to the Garvin Substation within an approximately 155-acre parcel. Xcel Energy did not consider alternative routes for the Transmission Lines because of the limited geographic scope of the Project.<sup>68</sup>

52. Single (monopole) steel pole structures are anticipated for the double circuit configuration. For angles and dead-end structures, a multiple pole design may be used. All structures are proposed to be weatherizing steel. The proposed structures will typically range in height from approximately 90- to 160- feet tall. The typical spans between structures are anticipated to be about 1,000 feet. The structures will typically be installed on a drilled pier concrete foundation usually approximately 30 to 40 feet in depth. Specialty foundations may be required due to geotechnical (or soil) conditions. Foundation depth will be based on site-specific conditions and detailed engineering design and could be up to 60 to 70 feet in depth.<sup>69</sup>

53. A double circuit transmission line carries six phases (conductors) and two separate shield wires. Each 345-kV line will utilize bundled (twisted pair) 2x636 "kilo circular mils (kcmil) Aluminum Conductor Steel Reinforced or similar performance

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<sup>64</sup> Ex. XCEL-4 at 19 (Application).

<sup>65</sup> Ex. EIP-14 at 56 (EA).

<sup>66</sup> Ex. XCEL-4 at 25 (Application).

<sup>67</sup> Ex. EIP-14 at 20 (EA).

<sup>68</sup> Ex. XCEL-4 at 26 (Application).

<sup>69</sup> Ex. XCEL-4 at 25 (Application).

conductor. These double bundled conductors will have a capacity equal to or greater than 3,000 amps.<sup>70</sup>

54. The Transmission Lines will be designed to meet or surpass relevant local and state codes including National Electric Safety Code (NESC) and Xcel Energy standards. Applicable standards will be met for construction and installation, and applicable safety procedures will be followed during design, construction, and after installation.<sup>71</sup>

### **1. Route Width and Right-of-Way**

55. Xcel Energy requests a route width commensurate with the boundaries of the site. The site is approximately 155 acres, and the Transmission Lines will be located entirely within the site.<sup>72</sup>

56. Xcel Energy typically seeks a 150-foot right-of-way for a 345-kV transmission line. The Transmission Lines' rights-of-way will be located entirely within the boundaries of the site.<sup>73</sup>

### **C. Pipeline**

57. The Pipeline will interconnect from an existing natural gas pipeline owned by Northern Border. The Pipeline will be approximately 965 feet long and consist of approximately 700 feet of up to 12-inch diameter pipe and two "branches" of up to 10-inch diameter pipe, each connecting to a CT, and associated facilities. The Pipeline is anticipated to operate at approximately 450-550 psig.<sup>74</sup>

58. Pipelines of similar size typically have a right-of-way width of between 50 and 100 feet. Here, the entirety of the Pipeline will be located on land that will be owned by Xcel Energy. The amount of temporary easement and additional temporary workspace has not yet been determined, but at this time, these easements and workspaces are not anticipated to be required.<sup>75</sup>

59. The Pipeline will utilize open cut trenching for installation. Typical trench dimensions are anticipated to have a depth of six feet, a bottom width of four feet, and

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<sup>70</sup> Ex. XCEL-4 at 25 (Application).

<sup>71</sup> Ex. XCEL-4 at 25 (Application).

<sup>72</sup> Ex. XCEL-4 at 24 (Application).

<sup>73</sup> Ex. XCEL-4 at 25 (Application).

<sup>74</sup> Ex. XCEL-4 at 26 (Application).

<sup>75</sup> Ex. XCEL-4 at 26 (Application).

top width of seven feet. Total excavated material is estimated to be approximately 1,200 cubic yards.<sup>76</sup>

60. The Pipeline will be buried to a depth that is compliant with U.S. Department of Transportation pipeline standards (49 Code of Federal Regulations (CFR) Part 192.327) and Minn. Stat. § 216G.07, subd. 1, which requires buried depth of at least 4.5 feet within actively cultivated agricultural lands. Typical depth of cover above the Pipeline is anticipated to be five feet or more.<sup>77</sup>

61. The Pipeline will feature a 150-foot by 150-foot fenced in area that will include a small building to house a filter and a metering station. The Pipeline will consist of primarily in-line components including isolation valves, pressure reducing valves to bring down the pressure in the existing Northern Border pipeline from approximately 1,400 psig to a range of 550 to 400 psig, and a natural gas fired water bath heater used to raise the temperature of the natural gas for use in the CTs to approximately 60 degrees Fahrenheit (°F), pending the gas quality.<sup>78</sup>

62. Processed natural gas from the Pipeline will have a design capacity of 150,000 cubic feet per day at minimum flow with a single CT running and 1,075,000 cubic feet per day at maximum flow with two CTs running.<sup>79</sup>

63. Xcel Energy did not consider alternative routes for the Pipeline because of the limited geographic scope of the Project.<sup>80</sup>

#### **D. Overview of Project Need**

64. The Project was proposed by Xcel Energy in the competitive resource acquisition process for up to 800 MW of firm dispatchable resources (the Firm Dispatchable Docket) and subsequently included in a Settlement Agreement approved by the Commission in April 2025. The Project will provide firm dispatchable generation to ensure reliable service to Xcel Energy's customers, a need initially identified in the 2019 Integrated Resource Plan (IRP) and confirmed again in the 2024 IRP. More specifically, the 2024 IRP reflected an anticipated growth in customer peak demands of 1.8 percent per year on average and growth in customer energy consumption of 2.0 percent per year over the planning period. This was a significant change from the forecasting in the 2019 IRP and is a major driver of the need to acquire resources in the

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<sup>76</sup> Ex. XCEL-4 at 27 (Application).

<sup>77</sup> Ex. XCEL-4 at 27 (Application).

<sup>78</sup> Ex. XCEL-4 at 27 (Application).

<sup>79</sup> Ex. XCEL-4 at 28 (Application).

<sup>80</sup> Ex. XCEL-4 at 11 (Application).

coming years. To meet this need, in part, the Project will provide flexible peaking generation. The Project is a key part of the strategy to ensure system reliability and resource adequacy while the Company's last coal unit is retired in 2030. The Project is also needed to support the continued transition away from carbon-emitting resources. The maximum amount of generation that can be connected to MNEC is 1,100 MW until the Project is in service. This is because the Project also serves the function of two synchronous condensers providing needed energy stability to the MNEC line. As reflected in the Application, the Project continues to be needed to ensure reliable service to Xcel Energy customers.<sup>81</sup>

#### **E. Project Schedule**

65. The Project is anticipated to go into service in December 2028. To achieve this in-service date, Xcel Energy needs to begin construction of the Project as soon as possible after the Commission approves the Project.<sup>82</sup>

66. In an effort to achieve timely construction and operation of the Project, and minimize the risk of related cost increases, Xcel Energy requested that the Commission allow it to commence vegetation clearing, topsoil removal, and grading of the site immediately upon issuance of the Site and Route Permits, with the prior submission of certain compliance filings.<sup>83</sup>

#### **F. Project Costs**

67. Xcel Energy has continued to evaluate the estimated cost of the Project. Since filing the Application, the Project has issued contracts for the major equipment including the CTs and Generator Step Up Transformers (GSUs). Now that the Project is further in the permitting and development process, Xcel Energy also had its Engineering, Procurement, and Construction (EPC) contractor generate a bottoms-up Project cost estimate. The EPC contractor's initial bottoms-up estimate reflected increased projected costs, prompting the teams to work together for two months to "value engineer" the Project—that is, to further refine the Project's scope, layout, and pricing. This effort entailed analyzing and challenging every aspect of the Project to identify opportunities to reduce costs. Major changes resulting from this value engineering effort included:

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<sup>81</sup> Ex. XCEL-4 at 11 (Application).

<sup>82</sup> Ex. XCEL-24 at 5:3-7 (Aasen Direct).

<sup>83</sup> Ex. XCEL-24 at 5:20-24 and 6:1-13 (Aasen Direct).

- Eliminating the evaporative cooling system due to challenges with water quality at the site and the associated cost of the water treatment system.
- Reducing the size of the administration/warehouse building.
- Optimizing the overall site footprint to reduce quantities of piping, cables, driveways, and fencing.<sup>84</sup>

68. The product of the bottoms-up estimate and value engineering process is the basis for the final EPC contract cost, giving Xcel Energy a high level of certainty for the Project budget. As a result of this detailed analysis, Xcel Energy has updated the estimated total capital cost of the Project.<sup>85</sup> A nonpublic exhibit detailing the updated costs is provided in Attachment A of these findings.

69. As part of Xcel Energy's evaluation of the Project's cost, the Company compared the updated Project cost to other CT projects. That analysis shows that the updated cost estimate for the Project falls within the range of other recently proposed projects on a \$/kilowatt (kW) basis. While these are similar projects, the details of scope (dual fuel, selective catalytic reduction (SCRs), network upgrades, repower, etc.) impact variations in cost.<sup>86</sup>

70. Xcel Energy continues to evaluate and implement measures to avoid and minimize additional Project cost increases, and the Project team is conducting ongoing assessment of remaining cost risks. However, having pricing finalized for the CTs, transformers, and EPC contract is a significant step in reducing cost risk. As the Project progresses through design development, there remain areas of design and construction coordination among the Project's EPC contractor, the MNEC transmission line project, and other subcontractors. Overall, because of the detailed analysis Xcel Energy has conducted, the current cost estimate for the Project includes an 8.5 percent contingency, which is lower than typical.<sup>87</sup>

71. Annual operating costs will vary depending on how often the unit is run but anticipated costs are provided in Appendix K of the Application, including fuel,

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<sup>84</sup> Xcel Energy Comments in Support of Certificate of Need at 6.

<sup>85</sup> Xcel Energy Comments in Support of Certificate of Need at 6-7.

<sup>86</sup> Xcel Energy Comments in Support of Certificate of Need at 8.

<sup>87</sup> Xcel Energy Comments in Support of Certificate of Need at 9.

labor, materials, maintenance and applicable taxes. The Project is expected to have a service life of approximately 40 years.<sup>88</sup>

#### **G. Permittee**

72. The permittee is Northern States Power Company, a Minnesota corporation, doing business as Xcel Energy.<sup>89</sup>

### **IV. PUBLIC PARTICIPATION**

#### **A. Public Outreach**

73. On February 28th, 2025, Xcel Energy sent a letter to Lyon County, Town of Garvin, Custer Township staff, Tribal Nations offering to meet to further discuss the Project. On March 27th, 2025, Xcel Energy provided a Project notification email to relevant agencies, seeking their input and offering to meet to further discuss the Project. Copies of responses received as of the submittal of this Application (including those from regulating agencies) are included in Appendix J of the Application. Xcel Energy met with the Commission and EERA on February 24, 2025, and DNR on May 2, 2025, to generally discuss to the Project ahead of the submittal of this Application. Xcel Energy will continue coordination with applicable Tribal Nations, agencies, and government units as the Project proceeds.<sup>90</sup>

74. Xcel Energy staff has briefed local governments in the area and provided an overview of the Project and answer questions about the Project, regulatory process and impacts of construction and operations. The Project team briefed the Custer Township Board on March 31, the Garvin City Council on April 10, and the Lyon County Board on April 15, 2025. Questions from local officials included issues such as water usage, noise, and impacts to local ditches and drain tile in the area, as well as the regulatory process and construction timeline.<sup>91</sup>

75. On April 22, 2025, Xcel Energy held a meeting for adjacent landowners and local officials to attend and learn about the Project. The meeting was held at Bitton's Roadhouse in Garvin, MN. Project staff provided an overview of the Project and answered questions about the regulatory process, construction effects and timeline, and provided information about operations, including noise, water usage, and impacts

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<sup>88</sup> Ex. XCEL-4 at 17 (Application).

<sup>89</sup> Ex. EIP-14 at 20 (EA).

<sup>90</sup> Ex. XCEL-4 at 94 (Application).

<sup>91</sup> Ex. XCEL-4 at 94 (Application).

to surrounding areas. Approximately 20 landowners and local elected officials attended the meeting.<sup>92</sup>

76. Following the landowner meeting a public open house was held at Bitton's Roadhouse where approximately 15 members of the public and local elected officials, local government staff, and other stakeholders attended to learn about the Project and ask questions of the Project team.<sup>93</sup>

77. Concurrently with these events, Xcel Energy developed a Project website to provide general information about the Project and provide an email address (LyonCountyStation@xcelenergy.com) and phone number (612-330-6540) to answer questions from members of the public.<sup>94</sup>

## **B. Public Comments**

78. Public Information and Scoping Meetings were held on August 11 and 12, 2025. The in-person scoping meeting was held in Marshall, MN. One member of the public offered comments at this meeting.<sup>95</sup> A virtual scoping meeting was also held via WebEx. No comments were made at this meeting.<sup>96</sup> No site or route alternatives were proposed during the scoping process.

79. Public hearings were held on January 26 and 27, 2026, 2026. The in-person public hearing was held in Marshall, Minnesota. An adjacent landowner to the Project spoke at the in-person public hearing and provided comments concerning noise during the operation of the Project and traffic impacts during construction of the Project.<sup>97</sup> A virtual public hearing was also held via WebEx. No comments were made at this hearing.<sup>98</sup>

80. LIUNA submitted scoping comments supporting the Application. LIUNA noted that the Commission had already thoroughly evaluated alternatives to the project through prior resource planning, including Xcel's request for proposals and its most recent IRP.<sup>99</sup>

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<sup>92</sup> Ex. XCEL-4 at 94 (Application).

<sup>93</sup> Ex. XCEL-4 at 94 (Application).

<sup>94</sup> Ex. XCEL-4 at 94-95 (Application).

<sup>95</sup> See Ex. EIP-5 (Oral Comments from the August 11, 2025, in-person Xcel Energy Lyon County Generating Station Project Public Scoping Meetings).

<sup>96</sup> See Ex. EIP-6 (Oral Comments from the August 12, 2025, virtual Xcel Energy Lyon County Generating Station Project Public Scoping Meetings).

<sup>97</sup> See Marshall 6:00 p.m. Public Hearing Transcript (Marshall 6:00 p.m. Tr.) at 16-17 (Jan. 26, 2026).

<sup>98</sup> See WebEx 6:00 p.m. Public Hearing Transcript (WebEx 6:00 p.m. Tr.) (Jan. 27, 2026).

<sup>99</sup> Ex. EIP-10 (LIUNA Comment Letter).

## V. TRIBAL, FEDERAL, STATE, & LOCAL PARTICIPATION

81. Xcel Energy has provided Tribal Nations with information regarding the Project. No concerns have been identified to date.<sup>100</sup>

82. DNR submitted scoping comments on the Project and the environmental issues that should be evaluated in the EA.<sup>101</sup>

83. MnDOT also submitted scoping comments on the Project, indicating that the Project is expected to have minimal impacts on the U.S. Highway 59 right-of-way if specific conditions are met.<sup>102</sup>

84. Lyon County Planning and Zoning and the Soil and Water Conservation District (Lyon County SWCD) submitted comments noting that county staff had coordinated with Xcel Energy regarding the proposed Lyon County Generating Station near Garvin, Minnesota, particularly focusing on potential impacts to County Ditch 29 and County Ditch 24, both of which are located on the Project site and consist primarily of subsurface field drainage tile.<sup>103</sup>

## VI. CERTIFICATE OF NEED

### A. Certificate of Need Criteria

85. Minnesota rules and statutes specify the criteria the Commission should apply in determining whether to grant a Certificate of Need. Subdivision 3 of Minn. Stat. § 216B.243 identifies the criteria the Commission must evaluate when assessing need, which includes:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under Minn. Stat. §§ 216C.05 to 216C.30 and 216B.243 or other federal or state legislation on long-term energy demand;

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<sup>100</sup> See Ex. XCEL-4 at 94 (Application) and Ex. XCEL-25 at 5:14-16 (Beemer Direct).

<sup>101</sup> See Ex. EIP-9 (DNR Comment Letter) and DNR Comments on EA (Aug. 27, 2025) (eDocket No. [20258-222476-01](#)).

<sup>102</sup> Ex. EIP-8 (MnDOT Comment Letter).

<sup>103</sup> Ex. EIP-7 (Lyon County SWCD).

(3) in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under Minn. Stat. § 216B.2425;

(4) promotional activities that may have given rise to the demand for this facility;

(5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

(6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation;

(7) the policies, rules, and regulations of other state and federal agencies and local governments;

(8) any feasible combination of energy conservation improvements, required under Minn. Stat. § 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;

(9) with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;

(10) whether the applicant is in compliance with applicable provisions of Minn. Stat. §§ 216B.1691 and 216B.2425, subdivision 7, and has filed or will file by a date certain an application for certificate of need under Minn. Stat. § 216B.243 or for certification as a priority electric transmission project under Minn. Stat. § 216B.2425 for any transmission facilities or upgrades identified under Minn. Stat. § 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under Minn. Stat. § 216B.243, subdivision 3a; and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.<sup>104</sup>

86. Minnesota Rule 7849.0120 further provides that the Commission shall grant a Certificate of Need if the Commission determines that:

A. the probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the applicant, to the applicant's customers, or to the people of Minnesota and neighboring states, considering:

(1) the accuracy of the applicant's forecast of demand for the type of energy that would be supplied by the proposed facility;

(2) the effects of the applicant's existing or expected conservation programs and state and federal conservation programs;

(3) the effects of promotional practices of the applicant that may have given rise to the increase in the energy demand, particularly promotional practices which have occurred since 1974;

(4) the ability of current facilities and planned facilities not requiring certificates of need to meet the future demand; and

(5) the effect of the proposed facility, or a suitable modification thereof, in making efficient use of resources;

B. a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence on the record, considering:

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<sup>104</sup> Minn. Stat. § 216B.243, subd. 3.

(1) the appropriateness of the size, the type, and the timing of the proposed facility compared to those of reasonable alternatives;

(2) the cost of the proposed facility and the cost of energy to be supplied by the proposed facility compared to the costs of reasonable alternatives and the cost of energy that would be supplied by reasonable alternatives;

(3) the effects of the proposed facility upon the natural and socioeconomic environments compared to the effects of reasonable alternatives; and

(4) the expected reliability of the proposed facility compared to the expected reliability of reasonable alternatives;

C. by a preponderance of the evidence on the record, the proposed facility, or a suitable modification of the facility, will provide benefits to society in a manner compatible with protecting the natural and socioeconomic environments, including human health, considering:

(1) the relationship of the proposed facility, or a suitable modification thereof, to overall state energy needs;

(2) the effects of the proposed facility, or a suitable modification thereof, upon the natural and socioeconomic environments compared to the effects of not building the facility;

(3) the effects of the proposed facility, or a suitable modification thereof, in inducing future development; and

(4) the socially beneficial uses of the output of the proposed facility, or a suitable modification thereof, including its uses to protect or enhance environmental quality; and

D. the record does not demonstrate that the design, construction, or operation of the proposed facility, or a suitable modification of the facility, will fail to comply with

relevant policies, rules, and regulations of other state and federal agencies and local governments.

87. There is sufficient evidence in the record for the Administrative Law Judge to assess the Proposed Project and apply the criteria and factors set out above to make a recommendation to the Commission.

## **VII. APPLICATION OF CERTIFICATE OF NEED CRITERIA TO THE PROJECT**

### **A. The Project Meets the Requirements of Minn. R. 7849.0120; Minn. Stat. § 216B.243, subd. 3 (1)-(9)**

88. To a significant extent, criteria or concerns the Commission must consider pursuant to Minn. Stat. § 216B.243, subd. 3(1)-(9) are incorporated into the subitems of Minn. R. 7849.0120. This portion of the Report is organized according to the subitems of Minn. R. 7849.0120. The Report notes where the identical or similar criteria is set out in statute. Where a concern for the Commission's consideration pursuant to subdivision 3 is not related to any subitems of Minn. R. 7849.0120, the Report considers the concern separately at the conclusion of this section.

### **B. Adequacy, Reliability, and Efficiency of Energy Supply (Minn. R. 7849.0120(A))**

89. Denial of a Certificate of Need for the Project would result in adverse effects upon the present and future efficiency of energy supply to the Minnesota electric customers and other end users. The Project would supply Xcel Energy with firm dispatchable generation needed to continue to reliably serve customers after the retirement of the Company's few remaining coal-fired units. Likewise, because of the stability support the Project would provide to MNEC, the Project would help to facilitate thousands of MWs of new renewable generation on Xcel Energy's system.<sup>105</sup>

#### **1. Forecast Accuracy (Minn. R. 7849.0120(A)(1))**

90. The need for the proposed Project is based upon a number of factors. First, the need for the proposed Project is based upon the Company's forecasted energy and demand requirements. Second, the need for the proposed Project is based upon

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<sup>105</sup> Ex. XCEL-4 at 12 (Application).

the outcome of the capacity expansion modeling in the IRP. Third, the need is based upon Xcel's energy exposure analysis.<sup>106</sup>

91. Regarding the first need, the Company's forecasted energy and demand requirements, the Department analyzed Xcel Energy's forecast in detail in the IRP Docket and concluded that "Xcel's energy and capacity forecasts are reasonable pending the submission of additional information."<sup>107</sup> Subsequently, Xcel Energy provided the requested information. Therefore, the Department concluded that the original forecast that led to the selection of the proposed Project in Docket Nos. E002/RP-24-67 (IRP Docket) and E002/CN-23-212 (Firm Dispatchable Docket) is reasonable.<sup>108</sup>

92. The Department noted that Xcel Energy's updated forecasts remain within or are above the forecast band used in Xcel Energy's IRP. The Company forecasts substantial capacity needs and the updated forecasts do not change that fact. Therefore, the Department concluded that the updated forecasts would not change the overall conclusion that Xcel's forecasts are reasonable.<sup>109</sup>

93. Regarding the second need, the outcome of the capacity expansion modeling in the IRP, the size of the need identified by each of the modeling parties far exceeds the capacity of the proposed Project. The Fall 2024 Forecast and the Spring 2025 Forecast are either within the forecast range studied in the IRP or above it. Therefore, the Department concluded that the Company has substantial peaking capacity needs and the more recent forecasts do not change that conclusion. The proposed Project can fulfill at least some of the peaking needs.<sup>110</sup>

94. Regarding the third need, Xcel Energy's energy exposure analysis, as a dispatchable resource the proposed Project will enable the Company to reduce its exposure to spot market pricing. The updated forecasts would not reduce Xcel Energy's energy exposure. Therefore, the Department concluded that Xcel Energy has a need to reduce exposure to spot market pricing.<sup>111</sup>

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<sup>106</sup> Department Comments at 7-8.

<sup>107</sup> See *In the Matter of Xcel Energy's 2024–2040 Upper Midwest Integrated Resource Plan*, Department Comments, MPUC Docket No. Docket No. E002/RP-24-67 (Aug. 9, 2024), (eDockets) 20248-209394-02, 20248-209394-04 at 101.

<sup>108</sup> Department Comments at 9.

<sup>109</sup> Department Comments at 9.

<sup>110</sup> Department Comments at 9.

<sup>111</sup> Department Comments at 9.

95. The Department concluded that Xcel Energy satisfied the criteria listed in Minn. R. 7849.0120(A)(1).<sup>112</sup>

96. In comments, the OAG asserted that the need for the Project was due to data centers.<sup>113</sup> In response, Xcel Energy noted that the Commission has affirmed the need for firm dispatchable resources on two separate prior occasions, and in neither instance did the Commission conclude that the need was due to data centers. Xcel Energy further stated that, while the Company expects substantial increases in demand due to large data center additions, that is not driving the need for the Project. Instead, and as discussed above, the need for this Project stems from the 2019 IRP (before the recent data center boom), which has been affirmed by the Commission multiple times, and the Company's more recent forecasts do not change that underlying need.<sup>114</sup>

97. The OAG's comments do not contradict or refute the need for reliable firm dispatchable generation, nor do they identify an alternative that could meet this need for the Project.

98. The Administrative Law Judge finds that the Xcel Energy's forecast of demand for the type of energy that would be supplied by the proposed facility is reasonable, accurate, and demonstrates the need for the Project.<sup>115</sup>

## **2. Effects of Applicant's Existing or Expected Conservation Programs and State and Federal Conservation Programs (Minn. R. 7849.0120(A)(2))**

99. The effects of existing or expected conservation programs were considered via inclusion in EnCompass and cannot replace the capacity, energy, and risk mitigation provided by the proposed Project.<sup>116</sup>

100. The Department concluded that Xcel Energy satisfied the criteria listed in Minn. R. 7849.0120(A)(2).<sup>117</sup>

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<sup>112</sup> Department Comments at 27.

<sup>113</sup> See generally OAG Comments.

<sup>114</sup> Xcel Reply Comments (Certificate of Need) at 3.

<sup>115</sup> See Minn. Stat. § 216B.243, subd. 3(1); Minn. R. 7849.0120(A)(1).

<sup>116</sup> Department Comments at 10.

<sup>117</sup> Department Comments at 27.

101. The Administrative Law Judge concurs. Demand response, demand management, and conservation programs cannot meet the need fulfilled by the Project.<sup>118</sup>

### **3. Effects of Promotional Activities (Minn. R. 7849.0120(A)(3))**

102. Xcel Energy's promotional practices have not created the increase in the energy demand the proposed Project is designed to address.<sup>119</sup>

103. The Department concluded that Xcel Energy satisfied the criteria listed in Minn. R. 7849.0120(A)(3).<sup>120</sup>

104. The Administrative Law Judge concurs. There is no evidence in the record that Xcel Energy's promotional practices created the need for the Project.<sup>121</sup>

### **4. Ability of Current and Future Facilities Not Requiring Certificates of Need to Meet Demand (Minn. R. 7849.0120(A)(4))**

105. Current facilities and planned facilities not requiring certificates of need have been considered and will not be able to meet the future demand.<sup>122</sup>

106. The Department concluded that Xcel Energy satisfied the criteria listed in Minn. R. 7849.0120(A)(4).<sup>123</sup>

107. The Administrative Law Judge concurs. There is no evidence in the record that demonstrates that current or planned generation sources, or transmission alternatives that do not require a Certificate of Need, are capable of meeting the identified needs.<sup>124</sup>

### **5. Effect of Proposed Facility on Efficient Use of Resources (Minn. R. 7849.0120(A)(5))**

108. The Project is anticipated to have a permanent footprint of 30 acres and would be co-located adjacent to MNEC facilities and an existing natural gas pipeline, avoiding the need for substantial additional infrastructure. The Project would

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<sup>118</sup> See Minn. R. 7849.0120(A)(2).

<sup>119</sup> Department Comments at 11.

<sup>120</sup> Department Comments at 27.

<sup>121</sup> See Minn. R. 7849.0120(A)(3).

<sup>122</sup> Department Comments at 11.

<sup>123</sup> Department Comments at 27.

<sup>124</sup> Minn. R. 7849.0120(A)(4).

interconnect to the grid using Xcel Energy’s existing and valuable interconnection rights at the Sherco Substation. The Project will use more efficient, lower greenhouse gas (GHG)-emitting generation units which will displace the operation of older, less efficient and higher-GHG emitting generation units in Xcel Energy’s system. Based upon these factors, the Department concluded that the proposed facility will make efficient use of resources.<sup>125</sup>

109. The Department concluded that Xcel Energy satisfied the criteria listed in Minn. R. 7849.0120(A)(5).<sup>126</sup>

110. The Administrative Law Judge concurs. The Project would make efficient use of existing interconnection rights and replace older, less efficient and higher-GHG emitting generation units with more efficient, lower GHG-emitting generation units.<sup>127</sup>

### **C. Absence of Superior Alternatives (Minn. R. 7849.0120(B))**

111. Minn. Stat. § 216B.243, subd. 3(6), directs the Commission to evaluate “possible alternatives for satisfying the energy demand or transmission needs including but not limited to the potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation.” Further, Minn. R. 7849.0120(B) requires the Commission to consider whether “a more reasonable and prudent alternative to the proposed facility has not been demonstrated by a preponderance of the evidence on the record” and directs the Commission to consider four factors in making its evaluation.<sup>128</sup>

112. Xcel Energy anticipates that the Project will be demonstrated to be a reasonable and prudent component to meet the Company’s need for firm dispatchable generation. The Project would provide flexible peaking generation, as well as ancillary services to MNEC. Likewise, the Project would result in limited environmental impacts and has been designed to minimize carbon emissions, to support the reliable integration of renewable energy generation and ensure that the Company will be in compliance with Minnesota’s 100 percent by 2040 standard.<sup>129</sup>

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<sup>125</sup> Department Comments at 12.

<sup>126</sup> Department Comments at 12 and 27.

<sup>127</sup> Minn. R. 7849.0120(A)(5).

<sup>128</sup> Minn. Stat. § 216B.243, subd. 3(6); Minn. R. 7849.0120(B).

<sup>129</sup> Ex. XCEL-4 at 12 (Application).

**1. Appropriateness of the Size and Type of Facility (Minn. R. 7849.0120(B)(1))**

113. Based upon the size of the need identified in the IRP analysis and Commission approval of the Settlement Agreement, the Department concluded that the size of the proposed Project is not excessive and therefore is reasonable.<sup>130</sup>

114. The Department noted that while other peaking alternatives exist and could meet Xcel Energy’s need in terms of size, type, and timing, such alternatives had the opportunity to be bid into the 800 MW firm dispatchable certificate of need proceeding. Therefore, the Department concluded that the size, the type, and the timing of the proposed facility compared to those of the alternatives, is reasonable.<sup>131</sup>

115. The Administrative Law Judge concurs that the record demonstrates that the size, type, and timing of the Project is appropriate, as compared to alternatives.

**2. Cost of Proposed Facility and the Cost of Energy to be Supplied (Minn. R. 7849.0120(B)(2))**

116. Since filing the Application, the Project has issued contracts for the major equipment including the CTs and GSUs. Now that the Project is further in the permitting and development process, Xcel Energy also had its EPC contractor generate a bottoms-up Project cost estimate. Bottoms-up cost estimates are time- and cost-intensive, so are generally initiated as part of the detailed project design. In this case, however, the Company initiated it as the team began to see market cost pressures – recognizing that a more in-depth analysis would be needed at an earlier stage to ensure that changes in the market were reflected in the Project’s cost estimate. This months-long effort required the contractor to finalize the Project’s detailed scope, develop a model of the facility, generate preliminary schematics to optimize the site layout, determine specific material quantities, refine equipment sizing, and obtain vendor pricing. The Project team also refined the Project risk register to develop a risk-based contingency to the Project cost to reflect current market conditions for materials and labor.<sup>132</sup>

117. The EPC contractor’s initial bottoms-up estimate reflected increased projected costs, prompting the Project teams to work together for two months to “value engineer” the Project—that is, to further refine the Project’s scope, layout, and pricing. This effort entailed analyzing and challenging every aspect of the Project to identify

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<sup>130</sup> Department Comments at 13.

<sup>131</sup> Ex. XCEL-4 at 14 (Application).

<sup>132</sup> Xcel Energy Comments in Support of Certificate of Need at 6.

opportunities to reduce costs. Major changes resulting from this value engineering effort included:

- Eliminating the evaporative cooling system due to challenges with water quality at the site and the associated cost of the water treatment system.
- Reducing the size of the administration/warehouse building.
- Optimizing the overall site footprint to reduce quantities of piping, cables, driveways, and fencing.<sup>133</sup>

118. The product of the bottoms-up estimate and value engineering process is the basis for the final EPC contract cost, giving Xcel Energy a high level of certainty for the Project budget. As a result of this detailed analysis, Xcel Energy updated the Project's cost estimate, as reflected in Attachment A to this Report.<sup>134</sup>

119. Xcel Energy stated that it analyzed the primary factors driving Project cost changes, as detailed below.<sup>135</sup>

120. Since 2022, CT pricing has nearly doubled, and transformers and other critical electrical equipment have experienced similar increases.<sup>136</sup>

121. The clutch design on the CTs will enable the generators to operate as synchronous condensers when not operating in power generation mode. This clutch design is a new offering on these units. As the design has developed, additional equipment has been needed, which increased the sizing of the plant's cooling equipment. While the cost of this functionality has increased, the alternative would nonetheless cost more to install additional stand-alone synchronous condensers at the Garvin Substation.<sup>137</sup>

122. Earlier labor cost estimates were based on historical data and local labor rates. A labor-availability study conducted as part of the bottoms-up estimate found that, due to the site's rural location and competition from other major infrastructure projects, sufficient local labor may not be available to fully support construction. As a result, the Project expects the need to seek union labor from the Twin Cities and potentially other areas. Revising the labor cost estimate to reflect the need to draw labor

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<sup>133</sup> Xcel Energy Comments in Support of Certificate of Need at 6.

<sup>134</sup> Xcel Energy Comments in Support of Certificate of Need at 6.

<sup>135</sup> Xcel Energy Comments in Support of Certificate of Need at 7.

<sup>136</sup> Xcel Energy Comments in Support of Certificate of Need at 7.

<sup>137</sup> Xcel Energy Comments in Support of Certificate of Need at 7.

to the area increases the original labor estimate by approximately 30 percent. Xcel Energy stated that it is committed to collaborate with labor and discuss development of a workforce plan with the Minnesota Building and Construction Trades Council in mid-February, toward increasing the availability of local labor for this and future anticipated projects in the area.<sup>138</sup>

123. Although Xcel Energy estimates higher labor costs than initially contemplated for this geography, Xcel Energy explained that the selected site location has significant cost advantages from the perspective of gas supply costs, reuse of the Sherco generator interconnection, and offsetting additional synchronous condensers that would otherwise be necessarily purchased for the Garvin Substation.<sup>139</sup>

124. Site-specific geotechnical findings determined that foundations will require pilings – either driven pipe piles or Auger Cast in Place – to support the major equipment at the site.<sup>140</sup>

125. As the plant layout and detailed design have progressed, several scope items have required modification or addition, including: an increased frost-depth assumption; the need for additional natural gas supply and odorization equipment previously assumed to be within the gas provider’s scope; and refinements to the size of the administration and warehouse spaces.<sup>141</sup>

126. As part of its evaluation of the Project’s cost, Xcel Energy compared the updated Project cost to other CT projects. That analysis shows that the updated cost estimate for the Project falls within the range of other recently proposed projects on a \$/kW basis. While these are similar projects, the details of scope (dual fuel, SCRs, network upgrades, repower, etc.) impact variations in cost. Table 2 in Attachment A summarizes this analysis provided by Xcel Energy of CT projects in various locations across the country – providing nameplate capacity, in-service dates within the same five-year timeframe as the Project, and estimated total capital costs for each project.<sup>142</sup>

127. The record demonstrates that CT projects continue to experience cost increases. The Company’s estimated cost for this Project is in line with the market. Xcel Energy states that cost increases over the past two years are unprecedented in the history of the power market. That said, the Project’s location has significant cost advantages from the perspective of gas supply costs, reuse of the Sherco generator

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<sup>138</sup> Xcel Energy Comments in Support of Certificate of Need at 7-8.

<sup>139</sup> Xcel Energy Comments in Support of Certificate of Need at 8.

<sup>140</sup> Xcel Energy Comments in Support of Certificate of Need at 8.

<sup>141</sup> Xcel Energy Comments in Support of Certificate of Need at 8.

<sup>142</sup> Xcel Energy Comments in Support of Certificate of Need at 8.

interconnection, and offsetting additional synchronous condensers that would otherwise be needed for the Garvin Substation.<sup>143</sup>

128. Xcel Energy stated that it is continuing to evaluate and implement measures to avoid and minimize additional Project cost increases. However, Xcel Energy explained that having pricing finalized for the CTs, transformers, and EPC contract is a significant step in reducing cost risk, and the Company's current cost estimate for the Project includes an 8.5 percent contingency, which is lower than typical.<sup>144</sup>

129. In comments, the OAG criticized the Project's cost estimate.<sup>145</sup> However, the OAG did not argue that the legal criteria for granting a Certificate of Need are unmet. The record demonstrates that the Project meets the statutory criteria for the issuance of a Certificate of Need.

130. With respect to cost, more specifically, Minn. Stat. § 216B.243 requires:

- The applicant must show that “demand for electricity cannot be met more cost effectively through energy conservation and load management measures.”<sup>146</sup> Here, the Application includes a detailed alternatives analysis. Both the Company and the Department concluded that conservation and load management are not substitutes for the firm dispatchable need that will be met by the Project.<sup>147</sup>
- For nonrenewable generators, the applicant assesses “the risk of environmental costs and regulation” on the proposed facility.<sup>148</sup> The Company provided detailed information regarding its analysis and the Department concluded that this requirement has been adequately addressed.<sup>149</sup>
- The Commission may not issue a Certificate of Need for a nonrenewable generator unless the applicant demonstrates it has “explored the

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<sup>143</sup> Xcel Energy Comments in Support of Certificate of Need at 9.

<sup>144</sup> Xcel Energy Comments in Support of Certificate of Need at 9.

<sup>145</sup> OAG Comments at 8-19.

<sup>146</sup> Minn. Stat. § 216B.243, subd. 3.

<sup>147</sup> *E.g.*, Ex. XCEL-4 at § 5.5 (Application); Department Comments at 15. Minn. R. 7849.0120(B)(2) similarly requires an alternatives analysis that includes cost as one of its considerations. Here, too, the Department concluded that there is no alternative or combination of alternatives that would meet the identified need that would be expected to have a lower cost. Department Comments at 15.

<sup>148</sup> Minn. Stat. § 216B.243, subd. 3(12).

<sup>149</sup> Department Comments at 23.

possibility of generating power by means of renewable energy sources and has demonstrated that the alternative selected is less expensive. . . .”<sup>150</sup> Section 5 of the Application discusses the alternatives (including renewable generation) Xcel Energy considered for the Project before concluding that renewable generation, on its own, does not meet the capacity need for firm dispatchable generation.<sup>151</sup> The Department agreed that “renewable generation is not a reasonable alternative.”<sup>152</sup>

131. The OAG makes two broad criticisms of the Company’s cost estimate. First, the OAG criticizes the overall increase to the Project costs. Second, the OAG suggests that the Company has not been transparent about various aspects of its costs. Xcel Energy responded to these criticisms in its Reply Comments.<sup>153</sup>

132. With respect to the increase in Project costs, Xcel Energy stated that initial proposals for the Project were required in January 2024—nearly two and a half years before the Project could potentially receive its Certificate of Need. Since that time, the power market has experienced unprecedented cost escalation, particularly in the demand for simple-cycle CTs, engineering services, and construction labor necessary to place projects into service. Independent industry consultants have reported that simple-cycle project \$/kW costs have nearly doubled over this same period. As evidence of these increases, Xcel Energy included in its Reply Comments a white paper study discussing the cost challenges of similar sized simple cycle CT projects from 2022-2025.<sup>154</sup>

133. Further, the Project’s updated cost estimate is within the range of similar projects being built across the country, despite these industry-wide pressures. Although the OAG asserts that the two most “comparable” projects are cheaper on a \$/kW basis, Xcel Energy clarified that these comparisons overlook four significant differences.<sup>155</sup>

134. *In-Service Dates.* The two projects cited by the OAG have in-service dates 12 to 35 months earlier than the Project. Earlier delivery materially reduces exposure to inflationary pressures in equipment, materials, and labor markets.<sup>156</sup>

135. *Equipment Procurement Timing and Price Escalation.* To meet these earlier in-service dates, those projects would have secured turbine equipment well in advance of

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<sup>150</sup> Minn. Stat. § 216B.243, subd. 3a.

<sup>151</sup> *E.g.*, Ex. XCEL-4 at § 5.5 (Application).

<sup>152</sup> Department Comments at 19.

<sup>153</sup> OAG Comments at 4-9.

<sup>154</sup> Xcel Energy Reply Comments (Certificate of Need) at 5.

<sup>155</sup> Xcel Energy Reply Comments (Certificate of Need) at 5.

<sup>156</sup> Xcel Energy Reply Comments (Certificate of Need) at 5.

the Project here. Over the past four years, Xcel Energy has seen turbine pricing increase dramatically, as shown per unit in Table 3 in Attachment A.<sup>157</sup>

136. *Brownfield Development Advantages*. The OAG's cited projects are brownfield/redeveloped existing generating sites, benefiting from existing site utilities, established operations and maintenance facilities, onsite warehouse capacity, and construction efficiency from sequential unit installation. Although there are other advantages to the location of the Project, as a greenfield site, the Project does not realize these structural cost advantages, making direct cost comparisons inaccurate.<sup>158</sup>

137. *Synchronous Condenser Capability*. The Project includes clutch-enabled synchronous condenser capability, resulting in a modest cost premium for the turbines and balance of plant. This capability is projected to *avoid* approximately \$120 million in costs for two standalone synchronous condensers at the Garvin Substation. The projects cited by OAG do not provide this system-critical function.<sup>159</sup>

138. Xcel Energy likewise responded to the OAG's suggestion that the record lacks information regarding cost drivers and the Company's efforts to control costs.<sup>160</sup>

139. *Allowance for Funds Used during Construction (AFUDC)*. Xcel Energy acknowledged that its January 2024 materials did not specifically call out AFUDC. However, contrary to the OAG's characterization, AFUDC was explicitly identified in Appendix K to the Certificate of Need application, and Xcel Energy has continued to provide updated AFUDC estimates, including in its supplemental response to OAG Information Request (IR) No. 2, which was included with the Company's Reply Comments.<sup>161</sup>

140. *Geotechnical Costs*. As reflected in Xcel Energy's November filings, deep foundations were initially listed as \$0 in the May cost estimate, because a site-specific geotechnical study had not yet been performed. Since the time of application, Xcel Energy received the geotechnical study from the neighboring Garvin Substation site, which indicated that deep foundations were likely. This was confirmed when the Project completed geotechnical investigations in November 2025.<sup>162</sup>

141. *Tariff Impacts*. Federal tariff volatility in Q1–Q2 2025 created significant uncertainty for turbine suppliers and EPC contractors. Suppliers would not commit to

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<sup>157</sup> Xcel Energy Reply Comments (Certificate of Need) at 5-6.

<sup>158</sup> Xcel Energy Reply Comments (Certificate of Need) at 6.

<sup>159</sup> Xcel Energy Reply Comments (Certificate of Need) at 6.

<sup>160</sup> Xcel Energy Reply Comments (Certificate of Need) at 7.

<sup>161</sup> Xcel Energy Reply Comments (Certificate of Need) at 7.

<sup>162</sup> Xcel Energy Reply Comments (Certificate of Need) at 7.

tariff-inclusive pricing, material origin was uncertain, making tariff exposure difficult to quantify, and Xcel Energy was required to make reasonable assumptions regarding tariff risk. Regarding the CT pricing specifically, the Company's Application reflected a higher preliminary estimate, which ultimately decreased at contract execution once tariff risk language was finalized.<sup>163</sup>

142. *Contingency.* Xcel Energy explained that overall Project contingency has been reduced, not increased, because key equipment contracts (turbines, transformers, breakers) were executed by Xcel Energy in 2025, and Xcel Energy and its EPC contractor have established a stable, expected contract value.<sup>164</sup>

143. *Clutch System Development.* GE Vernova expects that the Project's turbines will be the first F Class CT units in the country to operate with integrated clutch-enabled synchronous condenser capability. This is an industry-first deployment. As the design has progressed, previously unknown requirements have been identified, including an additional transformer and related materials, and increased cooling loads requiring larger air-cooled heat exchangers-cooled heat exchangers. Xcel Energy asserted that this functionality continues to be essential to support the addition of hundreds of MW of renewable generation on MNEC and avoids approximately \$120 million in separate transmission equipment costs.<sup>165</sup>

144. Overall, with respect to the record on the Project's cost, the Application included the estimated Project cost and the components of that estimate. Xcel Energy's Comments provided information regarding the cost of the Project, including the results of a detailed bottoms-up cost estimate and the factors influencing Project costs, and further comments included additional detail in response to the OAG's comments. In addition, Xcel Energy provided additional information to the OAG regarding the cost estimate in response to discovery, and those responses are also now part of this record.

145. The record evidence satisfies the legal criteria for a Certificate of Need. There is no evidence in this record contradicting or refuting this information, and the record contains substantial evidence supporting the updated cost estimate.<sup>166</sup>

146. In its comments, the OAG also proposed three potential cost recovery conditions.<sup>167</sup> Xcel Energy opposed the conditions, asserting that they are outside the scope of a Certificate of Need proceeding and noting that the OAG did not cite

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<sup>163</sup> Xcel Energy Reply Comments (Certificate of Need) at 7.

<sup>164</sup> Xcel Energy Reply Comments (Certificate of Need) at 7-8.

<sup>165</sup> Xcel Energy Reply Comments (Certificate of Need) at 8.

<sup>166</sup> Xcel Energy Reply Comments (Certificate of Need) at 8.

<sup>167</sup> OAG Comments at 13-20.

authority for the asserted conditions. Because there is record evidence regarding the Project's cost estimate, and because the OAG's proposed conditions implicate persons or parties who are not involved in this proceeding, the record does not support imposition of the conditions identified by the OAG.<sup>168</sup>

147. Despite the OAG's cost criticisms, the OAG did not dispute the need for the Project or identify an alternative to the Project.<sup>169</sup>

148. The Department concluded that there is no reasonable alternative or combination of alternatives that would be expected to have a lower cost.<sup>170</sup>

149. The record contains detailed evidence regarding the estimated cost of the Project. The record demonstrates that the cost of the Project is reasonable and that no alternative to the Project exists to meet the identified need for firm dispatchable generation.

### **3. Effects of Facility on Natural and Socioeconomic Environment (Minn. R. 7849.0120(B)(3))**

150. The Department concluded that there is no reasonable alternative or combination of alternatives that would be more reasonable and prudent. Therefore, no analysis of the impact of alternatives on the natural and socioeconomic environments is necessary.<sup>171</sup> The Administrative Law Judge concurs that the record supports this conclusion.

### **4. Reliability of the Project (Minn. R. 7849.0120(B)(4))**

151. The Department concluded that there is no reasonable alternative or combination of alternatives that would be more reasonable and prudent. Therefore, no reliability analysis of the alternatives is necessary.<sup>172</sup> The Administrative Law Judge concurs that the record supports this conclusion.

### **5. Conclusion Regarding Minn. R. 7849.0120(B)**

152. A more reasonable and prudent alternative to the proposed facility is not demonstrated by a preponderance of the evidence in the record.<sup>173</sup>

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<sup>168</sup> Xcel Energy Reply Comments (Certificate of Need) at 8-9.

<sup>169</sup> See generally OAG Comments.

<sup>170</sup> Department Comments at 15.

<sup>171</sup> Department Comments at 15.

<sup>172</sup> Department Comments at 15.

<sup>173</sup> Department Comments at 15.

**D. Protection of Natural and Socioeconomic Environments and Human Health (Minn. R. 7849.0120(C))**

153. The Project is proposed to be sited to avoid and minimize environmental impacts and will be designed to employ mitigation measures to reduce emissions. The Project will also help ensure that the Company can continue to acquire renewable resources and will comply with Minnesota’s 100 percent by 2040 standard.<sup>174</sup>

**1. Relationship of Facility to Overall State Energy Needs (Minn. R. 7849.0120(C)(1))**

154. The Energy Policy and Conservation Quadrennial Report, 2024 (Quad Report) states that, “[a]s renewable capacity grows to capture a greater share of Minnesota’s power market, utilities will need more fast-ramping resources to maintain system balance, given the variable and non-dispatchable nature of solar and wind power capacity.”<sup>175</sup> While the Quad Report proceeds to discuss energy storage, CT units such as the proposed Project can provide the same services to the grid.

155. The proposed Project will have substantial benefits for meeting overall state energy needs as identified in the Quad Report.<sup>176</sup>

156. Two members of the public submitted comments generally expressing support for Minnesota’s 100 percent by 2040 law and questioning whether the Project furthers the goals of that law.<sup>177</sup> In response, Xcel Energy stated that the Project is designed to minimize carbon emissions, support the reliable integration of renewable energy generation, and ensure the Company will be in compliance with the 100 percent by 2040 standard. Further, after the Project is in-service, Xcel Energy will conduct a feasibility study to evaluate pathways to convert the Project to combust 100 percent carbon-free generation, including hydrogen, by January 1, 2040, or identify another pathway to transition the unit to zero emissions by January 1, 2040.<sup>178</sup>

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<sup>174</sup> Ex. XCEL-4 at 12 (Application).

<sup>175</sup> See *Energy Policy and Conservation Quadrennial Report*, Minnesota Department of Commerce, at 118 (2024) available at <https://mn.gov/commerce-stat/energy/EnergyPolicyandConservationQuadrennialReport2024.pdf>.

<sup>176</sup> Department Comments at 16.

<sup>177</sup> See Comment by Ian Hedberg (Feb. 9, 2026) (eDocket No. [20262-227948-01](#)), and Comment by Drew Harper (Feb. 9, 2026) (eDocket No. [20262-227950-01](#)).

<sup>178</sup> Xcel Energy Reply Comments (Certificate of Need) at 10.

**2. Effects on Natural and Socioeconomic Environment (Minn. R. 7849.0120(C)(2))**

157. The EA prepared for the Project provides information related to the effects of the proposed facility upon the natural and socioeconomic environments compared to the effects of not building the facility.<sup>179</sup> As discussed in further detail in the sections that follow, the EA and the record in this matter demonstrate that the Project will have limited impacts on the natural and socioeconomic environments, and that Xcel Energy will appropriately avoid and minimize potential impacts.

**3. Effects on Inducing Future Development (Minn. R. 7849.0120C(3))**

158. The Project would supply Xcel Energy with firm dispatchable generation needed to continue to reliably serve customers after the retirement of the Company's few remaining coal-fired units. Likewise, because of the stability support the Project would provide to MNEC, the Project would help to facilitate thousands of megawatts of new renewable generation on Xcel Energy's system.<sup>180</sup>

**4. Socially Beneficial Uses of Output (Minn. R. 7849.0120(C)(4))**

159. Because it would support the Company's ability to continue to provide reliable electric service to its customers, the Project helps to ensure continued economic vitality in the areas Xcel Energy serves. The Project will also provide construction jobs and tax revenue in Lyon County.<sup>181</sup>

**E. Full Compliance (Minn. R. 7849.0120(D))**

160. The Project will comply with all relevant policies, rules, and regulations. Xcel Energy will secure all necessary permits and authorizations for the Project.<sup>182</sup>

**VIII. SITE PERMIT CRITERIA**

161. LEPGPs are governed by Minn. Stat. Ch. 216E and Minn. R. Ch. 7850. Minn. Stat. § 216E.01, subd. 5, defines a "large electric power generating plant" as "electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more."

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<sup>179</sup> Department Comments at 16.

<sup>180</sup> Ex. XCEL-4 at 12 (Application).

<sup>181</sup> Ex. XCEL-4 at 13 (Application).

<sup>182</sup> Ex. XCEL-4 at 13 (Application); Department Comments at 17.

162. An LEPGP fueled by natural gas is eligible for the alternative permitting process authorized by Minn. Stat. § 216E.04. Xcel Energy filed the Application under the process established by the Commission in Minn. R. 7850.2800-7850.3900.

163. The Power Plant Siting Act (PPSA), Minn. Stat. Ch. 216E, requires that site permit determinations “be guided by the state’s goal to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state’s electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.”<sup>183</sup>

164. Under the PPSA, the Commission must be guided by the following responsibilities, procedures, and considerations:

- (1) evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high-voltage transmission lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;
- (2) environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;
- (3) evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;
- (4) evaluation of the potential for beneficial uses of

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<sup>183</sup> Minn. Stat. § 216E.03, subd. 7. Minn. Stat. Ch. 216I became effective on July 1, 2025. Because the Application was filed prior to July 1, 2025, Minn. Stat. Ch. 216E applies to the Application.

waste energy from proposed large electric power generating plants;<sup>184</sup>

- (5) analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;
- (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;
- (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;
- (8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;
- (9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;
- (10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;
- (11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved;
- (12) when appropriate, consideration of problems raised by other state and federal agencies and local entities;

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<sup>184</sup> Factor 4 is not applicable because Applicant is not proposing to site a large electric generating plant in this docket.

- (13) evaluation of the benefits of the proposed facility with respect to (i) the protection and enhancement of environmental quality, and (ii) the reliability of state and regional energy supplies;
- (14) evaluation of the proposed facility's impact on socioeconomic factors; and
- (15) evaluation of the proposed facility's employment and economic impacts in the vicinity of the facility site and throughout Minnesota, including the quantity and quality of construction and permanent jobs and their compensation levels. The commission must consider a facility's local employment and economic impacts, and may reject or place conditions on a site or route permit based on the local employment and economic impacts.

165. In addition to the PPSA, the Commission is governed by Minn. R. 7850.4100, which mandates consideration of the following factors when determining whether to issue a site permit for a large electric power generating plant:

- A. effects on human settlement, including, but not limited to, displacement, noise, aesthetics, cultural values, recreation, and public services;
- B. effects on public health and safety;
- C. effects on land-based economies, including, but not limited to, agriculture, forestry, tourism, and mining;
- D. effects on archaeological and historic resources;
- E. effects on the natural environment, including effects on air and water quality resources and flora and fauna;
- F. effects on rare and unique natural resources;

- G. application of design options that maximize energy efficiencies, mitigate adverse environmental effects, and could accommodate expansion of transmission or generating capacity;
- H. use or paralleling of existing rights-of-way, survey lines, natural division lines, and agricultural field boundaries;
- I. use of existing large electric power generating plant sites;<sup>185</sup>
- J. use of existing transportation, pipeline, and electrical transmission systems or rights-of-way;
- K. electrical system reliability;
- L. costs of constructing, operating, and maintaining the facility which are dependent on design and route;
- M. adverse human and natural environmental effects which cannot be avoided; and
- N. irreversible and irretrievable commitments of resources.

166. There is sufficient evidence in this record to assess the Project using the criteria and factors set forth above.

## **IX. APPLICATION OF SITE PERMIT CRITERIA TO THE GENERATION PROJECT**

### **A. Effects on Human Settlement**

167. Minnesota law requires consideration of the Generation Project's effects on human settlement, including displacement of residences and businesses, noise created by construction and operation of the Generation Project, and impacts to aesthetics, cultural values, recreation, and public services.<sup>186</sup>

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<sup>185</sup> This factor is not applicable because it applies only to power plant siting.

<sup>186</sup> Minn. Stat. § 216E.03, subd. 7(b); Minn. R. 7850.4100(A).

168. Impacts to human settlements resulting from the Generation Project are anticipated to be minimal to moderate.<sup>187</sup>

## 1. Displacement

169. There are no residential or non-residential structures (e.g., agricultural outbuildings or animal product structures), churches, schools, daycares, or nursing homes located within the Project Area. The closest residence is 865 feet south of the Project Area. Therefore, there would be no displacement of residential or non-residential structures as a result of the Generation Project.<sup>188</sup>

## 2. Noise

170. MPCA has established standards for regulating noise levels. The land use activities associated with residential, commercial, and industrial land have been grouped together into Noise Area Classifications (NACs). The limits are expressed as a range of permissible dBA within a one-hour period; L50 is the dBA that may be exceeded by 50 percent (30 minutes) of the time within an hour, while L10 is the dBA that may be exceeded by 10 percent (six minutes) of the time within an hour. Residences, which are typically considered sensitive to noise, are classified as NAC-1.<sup>189</sup>

171. A sound study was conducted for the Generation Project to identify the applicable noise regulations, conduct ambient sound level measurements for the surrounding area, and create an acoustic model for the Generation Project to evaluate whether the Generation Project acoustic design satisfies the state's noise standards. The full sound study report can be found in Appendix I of the Application, and contains more details of the measurements, including figures depicting measurement locations and nearby residents, hourly sound levels, and weather information over the duration of the survey.<sup>190</sup>

172. Impacts due to noise are anticipated to be minimal. Xcel Energy would minimize noise from the Generation Project by using low-noise upgrades to the exhaust stack exits and the air-cooled heat exchanges. These mitigation measures would meet the MPCA nighttime limits of 75 dBA at the property boundaries and 50 dBA at nearby residences.<sup>191</sup>

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<sup>187</sup> Ex. EIP-14 at 5 (EA).

<sup>188</sup> Ex. XCEL-4 at 54 (Application).

<sup>189</sup> Ex. EIP-14 at 55 (EA).

<sup>190</sup> Ex. EIP-14 at 55 (EA).

<sup>191</sup> Ex. EIP-14 at 59 (EA).

173. Section 4.3.7 of the Commission's site permit requires permittees to comply with Minnesota's state noise standard at all times and to limit construction and maintenance activities to daytime working hours to the extent practicable.<sup>192</sup>

### **3. Aesthetics**

174. The Generation Project is in an agricultural setting with existing utility infrastructure including the Northern Border pipeline and Highway 59 right-of-way; the Garvin Substation and MNEC transmission line are planned utility infrastructure within the immediate vicinity. The Generation Project would result in more industrial aesthetics becoming a part of the landscape. There are no Minnesota Scenic Byways near the Project Area. There are recreational activities within the local vicinity of the Project Area, like snowmobile trails, public lands and parks.<sup>193</sup>

175. The Lyon County Generating Station CT stacks are estimated to be around 87 feet tall. Future proposed development for the MNEC Project will also include structures of a similar height that will be introduced next to the Generation Project.<sup>194</sup>

176. Section 4.3.8 of the draft site permit is a standard condition that requires the permittee to consider landscape input with respect to visual impacts and to use care to preserve the natural landscape, minimize tree removal, and prevent any unnecessary destruction of the natural surroundings in the vicinity of the Generation Project during construction and operation.<sup>195</sup>

### **4. Land Use and Zoning**

177. According to the Lyon County Zoning Ordinance, the entire Project Area and surrounding parcels are zoned as agricultural.<sup>196</sup>

178. Impacts from all Project components, including the Generation Project, are anticipated to be negligible. The land use near the Project Area is not expected to change as a result of the Generation Project. Permanent impacts are limited to the Project Area, which will be owned by Xcel Energy. The Project would be consistent

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<sup>192</sup> Ex. EIP-14 at 59-60 (EA).

<sup>193</sup> Ex. EIP-14 at 50 (EA).

<sup>194</sup> Ex. EIP-14 at 53 (EA).

<sup>195</sup> Ex. EIP-14 at 53 (EA).

<sup>196</sup> Ex. EIP-14 at 60 (EA).

with authorized uses within the agricultural district and is compatible with future land use planning goals.<sup>197</sup>

179. Land use impacts can be mitigated by minimizing aesthetic impacts of Generation Project, to the extent that zoning and land use plans address aesthetics (e.g., landscaping). The Project Area would be entirely within agricultural land that will be owned by Xcel Energy, with no neighboring properties land use being affected. Construction and operation of the Generation Project would be contained within the Project Area.<sup>198</sup>

## **5. Cultural Values**

180. The Project is located in a heavily agricultural area within Lyon County and is surrounded by mostly agricultural and rural land. Farming and the ability to continue to farm and support livelihoods through farming tend to be strong regional values. There are natural amenities, like lakes, rivers, and wildlife areas within the county that offer opportunities for fishing, hunting, and other recreational activities. Nearby Garvin County Park encompasses approximately 750 acres of wooded hills, prairie, and stream corridors. The park includes wooded trails, camp sites, a tubing hill, and other opportunities for recreation.<sup>199</sup>

181. The Project's impact on cultural values is anticipated to be minimal. The Project will not adversely impact the work of residents that underlie the area's cultural values, nor is it anticipated to adversely impact geographical features that inform these values. Xcel Energy is committed to continuing to coordinate with Tribal Nations that may have an interest in the Generation Project, including the Upper Sioux Community and Lower Sioux Indian Community.<sup>200</sup>

182. The Project would be limited to a discrete area and would be sited to avoid impacting public participation in community and regional events. Impacts on cultural values are anticipated to be minimal; therefore no mitigation measures are proposed.<sup>201</sup>

## **6. Recreation**

183. Recreational activities available nearby include snowmobiling, hunting, and fishing, as well as activities on state-managed lands. Snowmobiling is the nearest recreational activity to the Project Area, with segments of the Lyon County Snowmobile

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<sup>197</sup> Ex. EIP-14 at 60 (EA).

<sup>198</sup> Ex. EIP-14 at 60 (EA).

<sup>199</sup> Ex. EIP-14 at 62 (EA).

<sup>200</sup> Ex. EIP-14 at 62 (EA).

<sup>201</sup> Ex. EIP-14 at 62 (EA).

Trail paralleling US Highway 59 where it passes the Project Area immediately to the west. The nearest managed public lands for recreational purposes include the Garvin Wildlife Management Area (WMA) to the west of the Project Area. The Garvin WMA offers opportunities for viewing and hunting deer, small game, and pheasants. Garvin County Park is located approximately 2.5 miles north of the Project along the Cottonwood River. The nearest Minnesota State Park is Lake Shetek State Park, approximately 8 miles to the south of the Project Area.<sup>202</sup>

184. Potential impacts during the duration of construction are limited by the fact that construction is not planned to take place during the snowmobiling season (i.e., winter), and the trail will not be changed, obstructed, or rerouted. The nearest WMAs are located more than one mile from the Project Area; therefore, no notable impacts to recreation are anticipated as a result of the Project.<sup>203</sup>

185. Project impacts on recreation are not anticipated. Therefore, no mitigation measures are proposed.<sup>204</sup>

## **7. Socioeconomics**

186. Project construction is anticipated to begin in July 2026, with the full Project in service in December 2028. The Project would generate minor, short-term positive economic impacts, driven by increased construction activity and a small influx of contractor employees. Local businesses have the potential to experience short-term positive economic impacts through the use of the hotels, restaurants, and other services used by contractors during construction.<sup>205</sup>

187. Project construction is expected to employ approximately 300 to 400 construction workers. The Project would not directly result in a change in population or demographics of Lyon County. Instead of relocating, the Project workers would likely commute to the Project Area over the construction timeline of 30 to 33 months on either a daily or weekly basis. This may result in a temporary increase in need for temporary housing, but it is not expected to affect the availability of permanent or rental housing. Temporary lodging is primarily available in Marshall; a city located around 16 miles north of the Project Area.<sup>206</sup>

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<sup>202</sup> Ex. EIP-14 at 93 (EA).

<sup>203</sup> Ex. EIP-14 at 93 (EA).

<sup>204</sup> Ex. EIP-14 at 93 (EA).

<sup>205</sup> Ex. EIP-14 at 63 (EA).

<sup>206</sup> Ex. EIP-14 at 63 (EA).

188. Xcel Energy has committed to a construction workforce consisting primarily of union labor personnel. The Project would create local job opportunities for various trade professionals who live and work in the area. Opportunities will also exist for subcontracting to local contractors for various construction positions, such as gravel, fill, and civil work. Additional personal income will also be generated by the circulation and recirculation of dollars paid out by the Project as business expenditures and state and local taxes.<sup>207</sup>

189. In the long term, the Project will likely provide beneficial impacts to the local tax base in the form of revenues from property taxes paid. Additionally, long-term benefits could include permanent job creation or relocation of Project personnel to the area for operations. The presence of additional workers and increased employment for Project operations could result in a slight increase in the population but would be accommodated by current retail staffing.<sup>208</sup>

190. No adverse socioeconomic impacts are anticipated; therefore, mitigation is not proposed.<sup>209</sup>

## **8. Environmental Justice**

191. Environmental justice (EJ) is the “fair treatment of people of all races, cultures, incomes, and educational levels with respect to the development and enforcement of environmental laws, regulations, and policies. Fair treatment implies that no population should be forced to shoulder a disproportionate share of exposure to the negative effects of pollution due to lack of political or economic strength.”<sup>210</sup>

192. In Minnesota, EJ areas are defined as census tracts:

- 40 percent or more of the area’s total population is nonwhite;
- 35 percent or more households in the area have an income that is at or below 200 percent of the federal poverty level;
- 40 percent or more of the area’s residents over the age of five have limited English proficiency; or

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<sup>207</sup> Ex. EIP-14 at 63 (EA).

<sup>208</sup> Ex. EIP-14 at 63 (EA).

<sup>209</sup> Ex. EIP-14 at 63 (EA).

<sup>210</sup> Ex. EIP-14 at 64 (EA).

- The area is located within Indian country, as defined in US Code, title 18, section 1151.

193. The Project Area is not within an identified EJ area, and there are no EJ areas within one mile of the Project. The Project Area is also not location within Indian Country, as defined above.<sup>211</sup>

194. It is not anticipated that the Project would adversely or disproportionately impact EJ areas of concern. Therefore, no mitigation measures are proposed.<sup>212</sup>

## 9. Public Service and Infrastructure

### (1) Transportation.

195. The Project is located in a rural area north of Garvin, Minnesota. Roads within the region of influence (ROI) include US Highway 59 (US 59) and 120th street. The Lyon County Generation Station is approximately 0.8 miles south of US 14. The Project runs adjacent to US 59 for approximately 0.3 miles. Access to the Lyon County Generating Station would be from US 59. The Lyon County Generation Station site and associated transmission lines would not cross any roads. There are no passenger rail service or rail freight lines in the ROI.<sup>213</sup>

196. Impacts to transportation would be limited to those associated with construction equipment and delivery vehicles accessing the site via US 59. The equipment and material deliveries generated by construction are estimated to be approximately 900 truckloads over the approximately 30-month period of construction. This traffic would result in a temporary 18 percent increase in traffic along US Highway 59 south of CSAH 14 during construction activities. Deliveries and workers could use any combination of federal, state, and county highways and other township roads throughout the Project Area. All necessary provisions would be made to conform to safety requirements for maintaining the flow of public traffic.<sup>214</sup>

197. The Project could lead to temporary traffic delays, detours, and congestion during construction, although these would be primarily due to the movement of oversized equipment or deliveries to the Project. Temporary road or lane closures may occur during the construction process for safety purposes. Construction

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<sup>211</sup> Ex. EIP-14 at 64 (EA).

<sup>212</sup> Ex. EIP-14 at 66 (EA).

<sup>213</sup> Ex. EIP-14 at 66 (EA).

<sup>214</sup> Ex. EIP-14 at 67 (EA).

would not be occurring in the road right-of-way, so once equipment is moved, there would be no further impacts.<sup>215</sup>

198. During Project operations, the workforce and support services would generate an approximate maximum of 10 additional vehicle trips per day. No impacts on area roads would occur from operations<sup>216</sup>

199. Oversized/overweight load permits must be obtained from the MnDOT when size and/or weight limits are exceeded. Xcel Energy will coordinate with township road supervisors or county highway departments to document existing road conditions and address any issues that arise during construction with roadways to ensure the roads are adequately restored, if necessary, after construction is complete.<sup>217</sup>

(2) *Public Utilities.*

200. Electric utility services in and around the Project Area are provided by Xcel Energy and the Lyon-Lincoln Electric Coop. The Project components, including the Generation Project, will not disturb electric utilities and thus no disruptions to electrical service are anticipated.<sup>218</sup>

201. Xcel Energy will use the Gopher State One-Call system to locate and mark all underground utilities to avoid potential impacts.<sup>219</sup>

(3) *Emergency Services.*

202. Emergency services in the region are provided by law enforcement and emergency response agencies in the county and nearby communities. The Lyon County Sheriff's Office, headquartered in Marshall, MN, provides emergency response. For fire response, the Project is located within Fire Region 9, the West Central Region, and fire services for the area are provided by the Balaton Fire Department and the Tracy Fire Department.<sup>220</sup>

203. Ambulance services are broken into Primary Service Areas (PSAs), which provide emergency medical response services throughout each PSA. The Project Area is located within the Lyon PSA with services provided by Tracy Ambulance and the Balaton Fire Department. Emergency medical response facilities include Sanford Tracy

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<sup>215</sup> Ex. EIP-14 at 67 (EA).

<sup>216</sup> Ex. EIP-14 at 67 (EA).

<sup>217</sup> Ex. EIP-14 at 67-68 (EA).

<sup>218</sup> Ex. EIP-14 at 68 (EA).

<sup>219</sup> Ex. EIP-14 at 68 (EA).

<sup>220</sup> Ex. EIP-14 at 68 (EA).

Emergency Services and the Murray County Hospital, the closest of which is Sanford Tracy Emergency Services in Tracy, Minnesota, approximately 9 miles from the Project Area.<sup>221</sup>

204. The Project is not anticipated to impact emergency services. Temporary road closings may occur. Temporary closings are not expected to have significant impacts on public services and access in the area because of the generally rural nature of the area and subsequent low traffic levels on most roads. The use of US 59 for large equipment or material deliveries would be coordinated with local jurisdictions to provide safe access for police, fire, and other emergency service vehicles. Any accidents that might occur during the Project's construction would be handled through local emergency services. Given the limited number of construction workers involved in the Project and the low probability of a construction related accident, the current emergency services are expected to have ample capacity to address any potential emergencies that may occur during Project construction.<sup>222</sup>

205. Mitigation and minimization measures for potential impacts to emergency services are standard Commission permit conditions. Xcel Energy will be required to prepare an Emergency Response Plan (ERP) according to section 7.12 of the draft site permit. Xcel Energy will file the ERP, along with any comments from emergency responders, with the Commission at least 14 days prior to the pre-construction meeting and a revised ERP, if any, at least 14 days prior to the pre-operation meeting.<sup>223</sup>

(4) *Airports.*

206. There are no Federal Aviation Administration (FAA) airports, public airports, or private airports located within one mile of the Project. As such, impacts to airports are not anticipated. The nearest airport is Tracy Municipal, north of the town of Tracy and approximately nine miles from the Project Area.<sup>224</sup>

207. The Project has been sited to avoid interference with the safe operation of existing public airports and private airstrips. Xcel Energy will coordinate with the FAA for appropriate notifications associated with Project construction as necessary.<sup>225</sup>

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<sup>221</sup> Ex. EIP-14 at 68 (EA).

<sup>222</sup> Ex. EIP-14 at 69 (EA).

<sup>223</sup> Ex. EIP-14 at 69 (EA).

<sup>224</sup> Ex. EIP-14 at 69 (EA).

<sup>225</sup> Ex. EIP-14 at 69-70 (EA).

208. No impacts to airports are anticipated; therefore, no mitigation measures are proposed.<sup>226</sup>

## **B. Effects on Public health and safety**

209. Minnesota law requires consideration of the Generation Project's potential effect on health and safety.<sup>227</sup>

210. The Generation Project has the potential to negatively impact public health and safety during Project construction and operation. Potential health and safety impacts include injuries due to falls, equipment use, and electrocution.<sup>228</sup> Xcel Energy will take measures to deter any unauthorized public involvement with construction and operation of the Project. During construction, additional security will be provided to guard equipment and prevent vandalism. Other safety measures include a complete fire protection system, including water and carbon dioxide (CO<sub>2</sub>) fire protection measures. This system will be designed in accordance with National Fire Protection Association recommendations. The Project will also be designed in compliance with state, NESC, and Xcel Energy standards regarding clearance to ground, clearance to crossing utilities, clearance to buildings, and strength of materials. Xcel Energy construction crews and/or contract crews will comply with state, NESC, and Xcel Energy standards regarding installation of facilities and standard construction practices. This will include clear signage during all construction activities.<sup>229</sup>

## **C. Effects on Land-based Economics**

211. Minnesota law requires consideration of the Generation Project's potential effect on land-based economies – specifically, agriculture, forestry, tourism, and mining.<sup>230</sup>

### **1. Agriculture**

212. Agriculture is the sole existing land use in the Project Area. The primary crops grown in Lyon County include corn for grain, corn for silage, oats for grain, and wheat for grain. In terms of livestock, hogs and pigs are the most prevalent, followed by cattle and calves, sheep and lambs, and poultry.<sup>231</sup>

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<sup>226</sup> Ex. EIP-14 at 70 (EA).

<sup>227</sup> Minn. Stat. § 216E.03, subd. 7(b)(1); Minn. R. 7850.4100(B).

<sup>228</sup> Ex. EIP-14 at 70 (EA).

<sup>229</sup> Ex. EIP-14 at 51-52 (Application).

<sup>230</sup> Minn. Stat. § 216E.03, subd. 7(b); Minn. R. 7850.4100(C).

<sup>231</sup> Ex. EIP-14 at 88 (EA).

213. The Generation Project will permanently convert cultivated cropland into an industrial land use.<sup>232</sup> This conversion will have a minimal impact on the availability of the agricultural land in Lyon County, as agricultural production will continue in the surrounding areas during both the construction and operational phases of the Generation Project. The Generation Project would avoid impacts to County Ditch 29 and County Ditch 24 and would not negatively impact changes in water runoff during construction or operations of the Generation Project.<sup>233</sup>

214. Minnesota Rule, part 7850.4400, Subpart 4, prohibits the siting of a LEPGP where more than 0.5 acres of prime farmland is occupied per MW of net generating capacity. The generation capacity of the proposed CTs totals 420 MW. At this capacity, the 149.3 acres of prime farmland converted would not violate the requirements of Minnesota Rules 7850.4400, Subpart 4.<sup>234</sup>

215. Several sections of the draft site permit address agricultural mitigation and soil-related impacts:

- Section 4.3.9 requires protection and segregation of topsoil.
- Section 4.3.10 requires measures to minimize soil compaction.
- Section 4.3.11 requires the permittee to “implement erosion prevention and sediment control practices recommended by the [MPCA]” and to “obtain a [CSW Permit].”
- Section 4.3.16 requires the permittee to develop an agricultural impact mitigation plan (AIMP) in coordination with the Minnesota Department of Agriculture (MDA).
- Section 4.3.17 requires the permittee to restrict pesticide use to those pesticides and methods of application approved by the MDA, DNR, and the EPA.
- Section 4.3.18 requires the permittee to develop an Invasive Species Management Plan to prevent the introduction and spread of invasive species during the construction of the Project.

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<sup>232</sup> Ex. XCEL-4 at 49 (Application).

<sup>233</sup> Ex. EIP-14 at 88 (EA).

<sup>234</sup> Ex. EIP-14 at 88 (EA).

- Section 4.3.19 requires the permittee to take reasonable precautions against the spread of noxious weeds.
- Section 4.3.23 requires the permittee to avoid, promptly repair, or replace all drainage tiles broken or damaged during all phases of the Project's life unless otherwise negotiated with the affected landowner.
- Section 4.3.27 requires the permittee to fairly restore or compensate landowners for damages to crops, fences, drain tile, etc., during construction.<sup>235</sup>

## **2. Forestry**

216. According to the DNR forest inventory, no forested lands or commercial forestry operations exist within the Project Area.<sup>236</sup>

217. Due to the absence of known forested lands or forestry operations in the Project Area, impacts to forestry resources are not anticipated as a result of the Generation Project. Because impacts are not anticipated, no mitigation measures are proposed.<sup>237</sup>

## **3. Mining**

218. There are no known mining operations documented in the Project Area. As such, no direct impacts to mining are anticipated as a result of the Project.<sup>238</sup>

219. Construction of the Project will require the use of sand and aggregate for structural backfill and to construct reliable access routes for construction equipment. Based on availability, some of the sand and aggregate material could come from sources near the Generation Project. Increased demand for sand and aggregate material as a result of the Project would be temporary and limited to the period of construction and is considered an indirect impact. Additional new mining operations or expansion of existing mines would not be necessary to satisfy Project demand.<sup>239</sup>

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<sup>235</sup> Ex. EIP-14 at 88-89 (EA).

<sup>236</sup> Ex. EIP-14 at 92 (EA).

<sup>237</sup> Ex. EIP-14 at 92 (EA).

<sup>238</sup> Ex. EIP-14 at 92 (EA).

<sup>239</sup> Ex. EIP-14 at 92 (EA).

220. Because impacts to mining are not anticipated, no mitigation measures are proposed.<sup>240</sup>

#### **4. Tourism**

221. Tourism near the ROI is limited, with the annual Lyon County Fair located approximately 19 miles to the north in Marshall, MN, and camping at the Garvin County Park located approximately 2.5 miles north along the Cottonwood River. There are no known tourism-based businesses or attractions documented in the ROI, no impacts to recreation or tourism are anticipated as a result of the Project.<sup>241</sup>

222. Because impacts to tourism are not anticipated, no mitigation measures are proposed.<sup>242</sup>

#### **D. Effects on Archaeological and Historic Resources**

223. Minnesota law requires consideration of the Generation Project's potential effects on historic and archaeological resources.<sup>243</sup>

224. Known archaeological and historic resources within one mile of the Project (the ROI for cultural resources) were identified through a review of the OSA online portal and the Minnesota SHPO's online portal (Minnesota's Statewide Historic Inventory Portal [MnSHIP]) in September 2025. MnSHIP is a comprehensive database of all documented historic architectural resources for the entire state, while the OSA portal is a database of all previously recorded archaeological sites in the state. Because each database relies on documented sites or resources, it is possible that a project may encounter an undocumented resource.<sup>244</sup>

225. In addition, at the request of Xcel Energy, Burns & McDonnell Engineering Company, Inc. (Burns & McDonnell) conducted a Phase I Cultural Resource Survey in April 2024 to determine whether cultural resources are present within the Project Area. This survey resulted in the identification of one historic architectural resource within the northwestern portion of the survey area (The Garvin Corner Store/LY-CUS-00053), approximately 0.5 mile north of the current Project footprint. Burns & McDonnell recommended a determination of No Historic Sites Affected and submitted the survey report to SHPO and the OSA for concurrence on

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<sup>240</sup> Ex. EIP-14 at 92 (EA).

<sup>241</sup> Ex. EIP-14 at 93 (EA).

<sup>242</sup> Ex. EIP-14 at 93 (EA).

<sup>243</sup> Minn. Stat. § 216E.03, subd. 7(b); Minn. R. 7850.4100(D).

<sup>244</sup> Ex. EIP-14 at 95 (EA).

March 4, 2025. SHPO concurred with these recommendations on April 23, 2025, and the OSA provided concurrence on May 06, 2025.<sup>245</sup>

226. During the Project design process, Xcel Energy considered the locations of previously documented cultural resources and has made efforts to avoid them. A Phase I Cultural Resource Inventory was completed at Xcel Energy's request in April 2024. No cultural resources were identified within the Project Area during this survey, nor are any previously recorded cultural resources present within or adjacent to the Project Area.<sup>246</sup>

227. Xcel Energy will develop an unanticipated discovery plan (UDP) for use during construction of the Generation Project that outlines the procedures to be followed in the event unanticipated archaeological materials are found. If archaeological resources are discovered during construction, construction activity would be halted in that location, the SHPO and interested Tribal Historic Preservation Officers (THPOs) would be notified, and appropriate measures would be implemented to protect the resource.<sup>247</sup>

## **E. Effects on Natural Environment**

228. Minnesota law requires consideration of the Generation Project's effect on the natural environment, including effects on air and water quality resources and flora and fauna.<sup>248</sup>

### **1. Air Quality**

229. Air emissions will occur during both the construction and operational phases of the Project. Air emissions during construction will primarily consist of emissions from construction equipment and will include pollutants such as CO<sub>2</sub>, nitrogen oxides (NOX), PM<sub>2.5</sub>, and PM<sub>10</sub>. Dust generated from earth disturbing activities also gives rise to particulate matter. Emissions from construction vehicles could be minimized by using modern equipment with lower emissions ratings. Adverse effects on the surrounding environment are expected to be negligible due to the temporary disturbance during construction and the intermittent nature of the emission- and dust-producing construction phases.<sup>249</sup>

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<sup>245</sup> Ex. EIP-14 at 95-96 (EA).

<sup>246</sup> Ex. EIP-14 at 98 (EA).

<sup>247</sup> See Ex. EIP-14 at 98 (EA); Ex. EIP-25 at 5:20-25 (Beemer Direct).

<sup>248</sup> Minn. Stat. § 216E.03, subd. 7(b)(1)–(2); Minn. R. 7850.4100(E).

<sup>249</sup> Ex. EIP-14 at 83-84 (EA).

230. Operation of the Generation Project includes two 210 MW CTs and associated ancillary equipment, including emergency diesel generators, an emergency diesel fire pump, diesel storage tanks, a natural gas-fired water bath heater, and natural gas piping components. Obtaining a Title V air permit from the MPCA is required to construct and operate the Generation Project. The Title V air permit will contain regulatory requirements, limits, and compliance demonstration requirements. Xcel Energy submitted a Title V air permit application to the MPCA on September 24, 2025.<sup>250</sup>

231. The Lyon County Generation Station does not meet the definition of a major emission facility with respect to the EPA Prevention of Significant Deterioration (PSD) and will not require PSD review. The Lyon County Generation Station will be a minor source of hazardous air pollutants (HAPs) as it will emit less than 10 tons of any single HAP and less than 25 tons of combined HAPs from all emission sources. Federally enforceable permit conditions will be established in the Title V air permit to ensure the facility remains non-PSD and a minor source of HAP emissions.<sup>251</sup>

232. Air dispersion modeling was conducted for the Generation Project to determine whether emissions from the Generation Project would or would not cause or contribute to a violation of the Minnesota Ambient Air Quality Standards (MAAQS) and National Ambient Air Quality Standards (NAAQS). Modeling was conducted in accordance with the EPA's Guidance on Air Quality Models (40 C.F.R. Part 51) and MPCA's Air Dispersion Modeling Practices. Xcel Energy submitted a modeling protocol to the MPCA that was conditionally approved on August 14, 2025. The modeling results were approved by the MPCA on December 17, 2025.<sup>252</sup>

233. If construction activities generate problematic dust levels, Xcel Energy may employ construction-related practices such as wetting of unpaved roads and exposed or barren ground to control fugitive dust. Additionally, cleared rights-of way, storage areas, and access roads would be restored and revegetated once construction is complete, limiting further dust production during operation.<sup>253</sup>

234. For the Generation Project, the CTs will be equipped with low-NOX burners to limit NOX formation and Xcel Energy will also employ good combustion practices (i.e., operation of combustion equipment at best combustion efficiency) to reduce CO, volatile organic compounds (VOCs), and CO2 emissions. Combusting

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<sup>250</sup> Ex. EIP-14 at 84 (EA).

<sup>251</sup> Ex. EIP-14 at 84 (EA).

<sup>252</sup> Ex. EIP-14 at 85 (EA).

<sup>253</sup> Ex. EIP-14 at 86 (EA).

natural gas, a low sulfur and low ash fuel, will also reduce particulate matter and sulfur dioxide (SO<sub>2</sub>) emissions compared to alternative fossil fuel sources.<sup>254</sup>

## **2. Greenhouse Gas**

235. During Project construction and operation, small amounts of GHGs will be generated. GHG emissions from Project construction will be largely from the combustion of fossil fuels such as gasoline and diesel for vehicles and construction equipment. Primary sources of GHG emissions during operation include the CTs, emergency diesel generators, emergency diesel fire pump, heaters, tanks, circuit breakers, and piping fugitives. Additionally, GHG emissions will be generated from temporary and permanent changes in land carbon sinks. GHG emissions will be localized to the Project Area and are not anticipated to result in long-term impacts.<sup>255</sup>

236. Where possible, construction equipment would use lower GHG-emitting fuels, such as low-sulfur diesel and gasoline. Additionally, equipment would not idle unnecessarily during construction, thereby reducing emissions during construction.<sup>256</sup>

## **3. Climate Change**

237. The Generation Project would result in GHG emissions that would contribute to climate change impacts such as changes in temperature, precipitation, and extreme weather events. Energy projects are generally considered critical facilities and require extra attention when considering climate change risks.<sup>257</sup> Here is a list of the key resiliency efforts for the Project:

- The Transmission Lines would be routed and engineered to be resilient under changing climatic factors, including increased average temperatures. The Transmission Lines would be designed to meet or surpass relevant local and state codes, including the NESC and Xcel Energy's standards.
- During construction, a Stormwater Pollution Prevention Plan (SWPPP) would be implemented to manage stormwater and reduce the potential for runoff and erosion. Where areas are subject to higher rates of erosion, vegetation establishment would be achieved within the timelines required in the SWPPP, thereby minimizing potential impacts for erosion. During the Project's operations, vegetative cover would minimize potential for

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<sup>254</sup> Ex. EIP-14 at 87 (EA).

<sup>255</sup> Ex. EIP-14 at 76 (EA).

<sup>256</sup> Ex. EIP-14 at 77 (EA).

<sup>257</sup> Ex. EIP-14 at 83 (EA).

erosion impacts to waterways. Storm events would also be considered during the SWPPP development to design permanent stormwater features.

238. Wildfire risks would be mitigated by performing necessary vegetation management for the transmission line. Additionally, an emergency diesel fire pump would be at the site to protect against fire, should a fire arise.<sup>258</sup>

#### **4. Geology and Topography**

239. Topography is generally flat with an elevation around 1,520 feet above mean sea level. The Project Area seismic risk is very low; it is located within an area rated as less than a two-percent chance of damage from natural or human-induced earthquakes in 10,000 years.<sup>259</sup>

240. The construction methods used for the Project will not alter the geology of the region; therefore, no impacts to geological resources are anticipated.<sup>260</sup>

241. No impacts on geologic resources are anticipated; therefore, no mitigation measures are proposed.<sup>261</sup>

#### **5. Soils**

242. The dominant soils within the Project Area are silty clay (60%), loam (25%), and silty clay loam (12%). Agriculture is the sole existing land use in the Project Area.<sup>262</sup>

243. Project impacts on soils are anticipated to be minimal and temporary in nature.<sup>263</sup> As summarized in the Route Permit application, Xcel Energy proposes the following mitigation measures to minimize potential impacts to soil:

- Implementing measures to reduce soil compaction including decompaction of soils during restoration or temporary workspaces, including travel lanes.

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<sup>258</sup> Ex. EIP-14 at 82-83 (EA).

<sup>259</sup> Ex. EIP-14 at 99 (EA).

<sup>260</sup> Ex. EIP-14 at 99 (EA).

<sup>261</sup> Ex. EIP-14 at 99 (EA).

<sup>262</sup> Ex. EIP-14 at 99 (EA).

<sup>263</sup> Ex. EIP-14 at 100 (EA).

- Installing best management practices (BMPs), such as minimizing the number of vehicle trips, use of silt fencing or other effective sediment controls, and segregation of topsoil and subsoil.
244. Developing a SWPPP that complies with MPCA rules and guidelines.<sup>264</sup>

## **6. Water Quality and Resources**

### *(1) Groundwater*

245. The Generation Project is not anticipated to have a significant impact on groundwater resources within the Project Area. Therefore, mitigation is not proposed.<sup>265</sup>

### *(2) Surface Water*

246. The Generation Project has been sited to avoid the field delineated wetland; therefore, no direct impacts to wetlands are anticipated. In addition, the Generation Project will not directly impact other surface waters.<sup>266</sup>

247. The Generation Project will be required to obtain a National Pollutant Discharge Elimination System/State Disposal System (NPDES/SDS) permit for construction stormwater runoff. Xcel Energy will apply for authorization to discharge stormwater associated with construction activity under the MPCA NPDES/SDS Construction Stormwater General permit (MNR100001). The Generation Project will develop a SWPPP that will identify BMP's that will be implemented during construction to minimize erosion, and sedimentation impacts to surface waters. Erosion and sedimentation abatement measures, for example, will be employed to mitigate impacts on surface waters.<sup>267</sup>

## **7. Flora**

248. Project construction would result in short-term and long-term impacts on existing agricultural vegetation. Short-term impacts on existing vegetation would include localized clearing and ground disturbance associated with Project construction activities. Long-term impacts on vegetation would occur in areas where agricultural

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<sup>264</sup> Ex. EIP-14 at 102 (EA).

<sup>265</sup> Ex. EIP-14 at 103 (EA).

<sup>266</sup> Ex. EIP-14 at 104 (EA).

<sup>267</sup> Ex. EIP-14 at 104 (EA).

landcover would be permanently converted to developed landcover consisting of Project infrastructure.<sup>268</sup>

249. Xcel Energy proposes the following mitigation measures to minimize potential impacts to vegetation:

- Once construction is completed in an area, disturbed areas that will not be used for permanent Project facilities and those areas not to remain in agricultural production would be restored via broadcast seeding using a native seed mix comprised of species such as big bluestem (*Andropogon gerardi*), Indian grass (*Sorghastrum nutans*), and switchgrass (*Panicum virgatum*).
- Possibly planting native shrubs along the western and northern boundaries of the Project Area to serve as windbreaks and snowbreaks.
- Preventing the introduction of noxious weeds and invasive species by cleaning equipment and removing visible dirt or plant parts using methods such as vehicle washing, high-pressure compressed air blowers, or brushing, as applicable.

250. Monitoring areas where seeding and erosion control measures have been implemented and following up with reseeding measures where vegetative cover by the restoration seeding or plantings is inadequate to provide long-term stability and sustainable native plant communities.<sup>269</sup>

251. These BMPs would be included in Generation Project's Vegetation Management Plan, which Xcel Energy would prepare in coordination with applicable agencies prior to construction.<sup>270</sup>

## 8. Fauna

252. Wildlife habitat diversity within and adjacent to the Project Area is low, consisting almost entirely of disturbed habitats associated with agriculture and rural development. Typical wildlife species inhabiting the area include mammals, such as deer, fox, squirrels, and raccoons; songbirds, such as robins and red-winged blackbirds; and reptiles, such as garter snakes.<sup>271</sup>

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<sup>268</sup> Ex. EIP-14 at 108 (EA).

<sup>269</sup> Ex. EIP-14 at 108 (EA).

<sup>270</sup> Ex. EIP-14 at 108 (EA).

<sup>271</sup> Ex. EIP-14 at 109 (EA).

253. Construction activities that generate noise, dust, or disturbance of habitat could result in short-term, indirect impacts on wildlife. Given the agricultural nature of the Project Area, most wildlife inhabiting the area are accustomed to human activity and disturbance to some capacity. However, during Project construction, wildlife in the Project Area would likely abandon habitats for similar habitat in the area. Clearing and grading activities could directly impact some less-mobile species, such as birds, if eggs or nestlings are located in the Project Area; however, agricultural activities pose a similar risk to birds. Due to lack of suitable habitat in the Project Area, impacts to bald eagles or the migratory Birds of Conservation Concern identified in the Information for Planning and Consultation (IPaC) query are not anticipated.<sup>272</sup>

254. Xcel Energy proposes the following mitigation measures to minimize potential impacts to wildlife or wildlife habitat:

- Implementation of several construction BMPs that are beneficial to wildlife including: wildlife training for construction personnel, posted speed limits, spill prevention measures, and general construction housekeeping such as trash removal and maintaining a clean work area.<sup>273</sup>
- Designing transmission line facilities to comply according to Avian Power Line Interaction Committee (APLIC) recommended guidance to reduce the potential for avian electrocutions.<sup>274</sup>

## **F. Effects on Rare and Unique Natural Resources**

255. Minnesota law requires consideration of the Generation Project's potential effects on rare and unique natural resources.<sup>275</sup>

### **1. Protected Species**

256. The United States Fish & Wildlife Service (USFWS) IPaC online tool was queried on September 26, 2025, for a list of federally threatened and endangered species, proposed species, candidate species, and designated critical habitat that may be present within or near the Project Area. The IPaC query identified the proposed threatened monarch butterfly (*Danaus Plexippus*) and the proposed endangered Suckley's cuckoo bumble bee (*Bombus suckleyi*) as potentially being present in the Project Area. The

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<sup>272</sup> Ex. EIP-14 at 110 (EA).

<sup>273</sup> Ex. EIP-14 at 111 (EA).

<sup>274</sup> Ex. EIP-14 at 112 (EA).

<sup>275</sup> Minn. Stat. § 216E.03, subd. 7(b); Minn. R. 7850.4100(F).

IPaC query did not identify any designated critical habitat within or near the Project Area.<sup>276</sup>

257. The DNR's Natural Heritage Inventory System (NHIS) database was reviewed in September 2025 to determine if any Minnesota state-listed species have been documented within the vicinity of the Project Area. According to the NHIS database, no state endangered, threatened, or special concern species have been documented within one mile of the Project Area.<sup>277</sup>

## **2. Sensitive Ecological Resources**

258. Impacts to the Prairie Conservation Plan corridor that is mapped throughout the area are not anticipated given the relatively small size of the Project Area and the fact that the Project Area is essentially devoid of native vegetation.<sup>278</sup>

259. A Natural Heritage Review request (MCE #2025-00277) was submitted to the DNR as part of the Route Permit application. The DNR's Natural Heritage Review response indicated that the DNR does not believe that the Project would have negative impacts on state protected species or sensitive ecological resource.<sup>279</sup>

260. Impacts to federal or state-protected species are not anticipated from the Project. However, as summarized in the application, Xcel Energy proposes restoring areas that will not be used for permanent Project facilities and those areas not to remain in agricultural production with a native seed mix comprised of species such as big bluestem, Indian grass, and switchgrass. Planting native vegetation in these areas could enhance potential habitat for monarch butterfly and suckley's cuckoo bumble bee.<sup>280</sup>

### **G. Application of Various Design Considerations**

261. Minnesota law requires consideration of the Generation Project's applied design options that maximize energy efficiencies, mitigate adverse environmental effects, and could accommodate future development and expansion of the site in the area.<sup>281</sup>

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<sup>276</sup> Ex. EIP-14 at 113 (EA).

<sup>277</sup> Ex. EIP-14 at 113 (EA).

<sup>278</sup> Ex. EIP-14 at 114 (EA).

<sup>279</sup> Ex. EIP-14 at 114 (EA).

<sup>280</sup> Ex. EIP-14 at 115 (EA).

<sup>281</sup> Minn. Stat. § 216E.03, subd. 7(b)(2); Minn. R. 7850.4100(G).

262. The Generation Project has been designed to maximize energy efficiencies and mitigate adverse environmental effects.<sup>282</sup>

#### **H. Use of Existing Large Electric Power Generating Plant Sites**

263. The Generation Project will not utilize any existing LEPGP sites. However, it will be located adjacent to the MNEC Garvin Substation.<sup>283</sup>

#### **I. Use or Paralleling of Existing Rights-of-Way**

264. Minnesota law requires consideration of the Generation Project's use of or paralleling of existing right-of-way, survey lines, natural division lines, and agricultural field boundaries.<sup>284</sup>

265. The Generation Project is sited entirely within an existing agricultural field on property owned by Xcel Energy and adjacent to the MNEC Project.<sup>285</sup>

#### **J. Use of Existing Transportation, Pipeline, and Electrical Transmission System Rights-of-Way**

266. Minnesota law requires consideration of the Generation Project's use of existing transportation, pipeline, and electrical transmission system right-of-way.<sup>286</sup>

267. Sharing right-of-way with existing infrastructure minimizes fragmentation of the landscape and can minimize human and environmental impacts (e.g., aesthetic and agricultural impacts). The Generation Project is located adjacent to the MNEC Garvin Substation, which limits the extent of new right-of-way required to the greatest extent practical.<sup>287</sup>

#### **K. Costs of Constructing, Operating, and Maintenance**

268. Minnesota law requires consideration of the Generation Project's cost of construction, operation, and maintenance.<sup>288</sup>

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<sup>282</sup> Ex. EIP-14 at 127 (EA).

<sup>283</sup> Ex. EIP-14 at 128 (EA).

<sup>284</sup> Minn. Stat. § 216E.03, subd. 7(b)(9); Minn. R. 7850.4100(H).

<sup>285</sup> Ex. EIP-14 at 128 (EA).

<sup>286</sup> Minn. Stat. § 216E.03, subd. 7(b)(8); Minn. R. 7850.4100(J).

<sup>287</sup> Ex. EIP-14 at 125 (EA).

<sup>288</sup> Minn. R. 7850.4100(L).

269. The Generation Project has been designed to minimize construction and operating costs to the extent practicable.<sup>289</sup> A nonpublic exhibit detailing the updated costs is provided in confidential Appendix A of these findings.

**L. Adverse Human and Natural Environment**

270. Minnesota law requires consideration of the adverse human and natural environmental effects that cannot be avoided.<sup>290</sup>

271. The EA identifies unavoidable adverse effects associated with construction of the Project would last only for the duration of construction,<sup>291</sup> as well as impacts associated with Project operation.<sup>292</sup>

272. Unavoidable adverse human and environmental effects due to the Generation Project have been minimized to the extent possible.<sup>293</sup>

**M. Irreversible and Irretrievable Commitments of Resources**

273. Minnesota law requires consideration of the irreversible and irretrievable commitments of resources that are necessary for the Generation Project.<sup>294</sup>

274. An irretrievable commitment of resources means the resource is not recoverable for later use by future generations. These impacts are primarily related to Project construction, including the use of water, aggregate, hydrocarbons, steel, concrete, wood, and other consumable resources. The commitment of labor and fiscal resources is also considered irretrievable.<sup>295</sup>

275. Irreversible and irretrievable commitments of resources due to the Generation Project have been minimized to the extent possible.<sup>296</sup>

**N. Site Permit Conditions**

276. Xcel Energy submitted testimony and comments concerning the Project's construction schedule and requested that the Commission include the provision below in the Project's Site Permit to allow the Project to proceed expeditiously with

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<sup>289</sup> Ex. EIP-14 at 128 (EA).

<sup>290</sup> Minn. Stat. § 216E.03, subd. 7(b)(6); Minn. R. 7850.4100(M).

<sup>291</sup> Ex. EIP-14 at 131 (EA).

<sup>292</sup> Ex. EIP-14 at 131 (EA).

<sup>293</sup> Ex. EIP-14 at 128 (EA).

<sup>294</sup> Minn. Stat. § 216E.03, subd. 7(b)(11); Minn. R. 7850.4100(N).

<sup>295</sup> Ex. EIP-14 at 131 (EA).

<sup>296</sup> Ex. EIP-14 at 128 (EA).

construction to meet the December 2028 in-service date. Xcel Energy further explained that, as expressly allowed under Minn. Stat. 216I.05, subd. 12(e), Xcel Energy plans to submit the filing referenced above after a Commission oral decision and prior to a written order. Xcel Energy also plans to submit other compliance filings during this timeframe to maintain a full construction start in July 2026, if at all possible.

Permittee may conduct vegetation clearing, topsoil removal, and grading of the site shown on Figure 1-2 of the Application immediately upon issuance of the Site Permit, provided that the Permittee submits a filing to the Commission confirming that: (1) Permittee provided notice to adjacent landowners of Project construction at least five days in advance, including contact information for Permittee's field representative; and (2) Permittee has received all required permits and approvals for the activity to be conducted.<sup>297</sup>

277. The record supports Xcel Energy's requested addition to the Site Permit. The requested provision supports timely construction of the Project, while ensuring applicable compliance requirements are met and not restricting public notice, particularly given the limited geographic scope of the Project. Likewise, the standard conditions and provisions included in the Site Permit are appropriate for the Project and supported by the record.

## **X. ROUTE PERMIT CRITERIA**

278. When considering whether to issue a route permit under the PPSA, the Commission is guided by the same criteria discussed in Section IX, as identified in Minn. Stat. Ch. 216E and Minn. R. 7850.4100.

279. There is sufficient evidence in this record to assess the Transmission Line Project under the applicable criteria. Many of the criteria discussed in Section IX, above, are also relevant to the Transmission Lines, and those findings are incorporated with respect to the Transmission Lines, as applicable, supplemented by the additional findings in Section XII, below.

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<sup>297</sup> Ex. XCEL-24 at 5:17-24, 6:1-13, and fn. 5 (Aasen Direct).

## **XI. APPLICATION OF ROUTE PERMIT CRITERIA TO THE TRANSMISSION LINE PROJECT**

### **A. Effects on Human Settlement**

280. Minnesota law requires consideration of the Transmission Line Project's effects on human settlement, including displacement of residences and businesses, noise created by construction and operation of the Transmission Line Project, and impacts to aesthetics, cultural values, recreation, and public services.<sup>298</sup>

#### **1. Displacement**

281. There are no residential or non-residential structures within the Project Area. Therefore, there would be no displacement of residential or non-residential structures as a result of the Transmission Line Project.<sup>299</sup>

#### **2. Noise**

282. Potential impacts from Transmission Line Project sound levels were modeled using predictive noise modeling. Modeling indicates the Transmission Line Project's operational noise will remain within both daytime and nighttime operating limits for all modeled scenarios and significant noise impacts from the Transmission Line Project are not anticipated.<sup>300</sup>

#### **3. Aesthetics**

283. The Transmission Line Project is in an agricultural setting with existing utility infrastructure.<sup>301</sup>

284. Aesthetic impacts may occur as a result of proximity to residences. There are two residences within 2,000 feet of the Transmission Line Project. The Transmission Line Project will result in the introduction of new infrastructure in a relatively rural area. However, aesthetic impacts may be minimized by co-locating the Transmission Line Project adjacent to the MNEC Project.<sup>302</sup>

285. The draft route permit for the Transmission Line Project contains permit conditions related to aesthetic impacts. It includes the following:

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<sup>298</sup> Minn. Stat. § 216E.03, subd. 7(b); Minn. R. 7850.4100(A).

<sup>299</sup> Ex. EIP-14 at 6 (EA).

<sup>300</sup> Ex. EIP-14 at 6 (EA).

<sup>301</sup> Ex. EIP-14 at 6 (EA).

<sup>302</sup> Ex. EIP-14 at 6 (EA).

- Section 5.3.7 requires that the permittee work with landowners to locate the high-voltage transmission line to minimize the loss of agricultural land, forest, and wetlands, and to avoid homes and farmsteads.
- Section 5.3.7 requires that the permittee place structures at a distance, consistent with sound engineering principles and system reliability criteria, from intersecting roads, highways, or trail crossings.

286. Section 5.3.22 details facility lighting requirements, stating that the permittee shall use shielded and downward facing lighting and LED lighting that minimizes blue hue.<sup>303</sup>

#### **4. Cultural values**

287. Cultural value impacts are anticipated to be minimal. The Transmission Line Project will not adversely impact the work of residents that underlie the area's cultural values, nor is it anticipated to adversely impact geographical features that inform these values. Xcel Energy is committed to continuing to coordinate with Tribal Nations that may have an interest in the Transmission Line Project, including the Upper Sioux Community and Lower Sioux Indian Community.<sup>304</sup>

#### **5. Public services and infrastructure**

288. The Transmission Line Project would connect to the MNEC Garvin substation. There would be no direct permanent impacts on US 59.<sup>305</sup>

289. The Project components, including the Transmission Line Project, will not disturb electric utilities and thus no disruptions to electrical service are anticipated.<sup>306</sup>

290. The Transmission Line Project is not anticipated to impact emergency services. Temporary road closings may occur during construction activities. The temporary road closings are not expected to have significant impacts on public services and access in the area because of the generally rural nature of the area and subsequent low traffic levels on most roads.<sup>307</sup>

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<sup>303</sup> Ex. EIP-14 at 53 (EA).

<sup>304</sup> Ex. EIP-14 at 6 (EA).

<sup>305</sup> Ex. EIP-14 at 67 (EA).

<sup>306</sup> Ex. EIP-14 at 7 (EA).

<sup>307</sup> Ex. EIP-14 at 7 (EA).

291. There are no FAA airports, public airports, or private airports located within one mile of the Transmission Line Project. As such, impacts to airports are not anticipated. The nearest airport is Tracy Municipal which is approximately 9 miles away from the Project Area. Xcel Energy will coordinate with the FAA for appropriate notifications associated with Transmission Line Project construction as necessary.<sup>308</sup>

## **6. Socioeconomics and property values**

292. No adverse impacts to socioeconomics are anticipated as a result of the Transmission Line Project. The Transmission Line Project is anticipated to generate minor, short-term positive influx driven by increased construction activity and a small influx of contractor employees.<sup>309</sup>

## **7. Land use and zoning**

293. Impacts from the Transmission Lines are anticipated to be negligible. Permanent impacts are limited to the Project Area, which will be owned by Xcel Energy.<sup>310</sup>

## **8. Environmental justice**

294. Based on data obtained from the MPCA's Understanding Environmental Justice in Minnesota Mapping Tool, the Project Area is not within an identified EJ area, and there are no EJ areas within one mile of the Transmission Line Project.<sup>311</sup>

### **B. Effects on Public Health and Safety**

295. Minnesota's high voltage transmission line (HVTL) routing factors require consideration of the Transmission Line Project's potential effect on health and safety.<sup>312</sup>

296. Impacts to human health and safety are assessed by looking at three main issues: electric and magnetic fields, stray voltage, and induced voltage.<sup>313</sup>

#### **1. Electromagnetic Fields (EMF)**

297. EMF are invisible areas of energy associated with the use of electrical power. For lower EMF frequencies associated with power lines, electric and magnetic

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<sup>308</sup> Ex. EIP-14 at 7 (EA).

<sup>309</sup> Ex. EIP-14 at 6 (EA).

<sup>310</sup> Ex. EIP-14 at 6 (EA).

<sup>311</sup> Ex. EIP-14 at 6-7 (EA).

<sup>312</sup> Minn. Stat. § 216E.03, subd. 7(b)(1); Minn. R. 7850.4100(B).

<sup>313</sup> Ex. EIP-14 at 8 and 70 (EA).

fields are relatively decoupled. Generally, electric fields are dependent on the voltage of a transmission line and magnetic fields are dependent on the current carried by a transmission line. Both magnetic and electric fields decrease rapidly with an increased distance from the source.<sup>314</sup>

298. There is currently no federal standard for transmission line electric fields. The Commission has established a standard for the maximum electric field under transmission lines as 8 kV/m measured at one meter (3.28 feet) above the ground. All transmission lines in Minnesota must meet this standard.<sup>315</sup>

299. The maximum electric field measured at one meter above ground associated with the Transmission Line Project is estimated to be 4.14 kV/m, well below the 8 kV/m standard.<sup>316</sup>

300. The record demonstrates that impacts due to EMF from the transmission are anticipated to be minimal, and no additional mitigation is proposed.

## **2. Stray & Induced Voltage**

301. Stray voltage is not created by transmission lines, as they do not directly connect to businesses or residences. Stray voltage is generally associated with electrical distribution lines and electrical service at a residence or on a farm. Site-specific mitigation measures may be required to address potential stray voltage impacts.<sup>317</sup>

302. It is possible for electric fields from a transmission line to extend to a conductive object that is near a line. This may induce a voltage on the object. The magnitude of the voltage depends on several factors such as the size, shape, and orientation of the object below the transmission line.<sup>318</sup>

303. The Transmission Lines will be located entirely on property to be owned by Xcel Energy. Accordingly, impacts due to stray and induced voltage are not anticipated.<sup>319</sup>

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<sup>314</sup> Ex. EIP-14 at 8 (EA).

<sup>315</sup> Ex. EIP-14 at 70 (EA).

<sup>316</sup> Ex. EIP-14 at 71 (EA).

<sup>317</sup> Ex. EIP-14 at 74 (EA).

<sup>318</sup> Ex. EIP-14 at 8-9 (EA).

<sup>319</sup> Ex. EIP-14 at 74-75 (EA).

### **C. Effects on Land-based Economies**

304. Minnesota’s HVTL routing factors require consideration of the Transmission Line Project’s impacts to land-based economies—specifically, agriculture, forestry, tourism, and mining.<sup>320</sup>

#### **1. Agriculture**

305. Agriculture is the sole existing land use in the Project Area.<sup>321</sup> The Transmission Lines, on their own, are not anticipated to impact agricultural production.

#### **2. Forestry**

306. No forested lands or commercial forestry operations exist within the Project Area; therefore, no direct impacts to forests are anticipated as a result of the Transmission Line Project.<sup>322</sup>

#### **3. Tourism**

307. There are no known tourism-based businesses or attractions documented in the vicinity of the Project Area; therefore, no impacts to recreation or tourism are anticipated as a result of the Transmission Line Project.<sup>323</sup>

#### **4. Mining**

308. Based on the MnDOT’s Gravel Pit and Rock Quarry Aggregate Source no active or inactive mining operations are present in proximity to the Project Area.<sup>324</sup> Construction of the Project will require the use of sand and aggregate for structure backfill and to construct reliable access routes for construction equipment. Based on availability, some of the sand and aggregate material could come from sources near the Project. Increased demand for sand and aggregate material as a result of the Project would be temporary and limited to the period of construction. Additional new mining operations or expansion of existing mines would not be necessary to satisfy Project demand. No direct impacts to mining are anticipated as a result of the Transmission Line Project. Because impacts to mining are not anticipated, no mitigation measures are proposed.<sup>325</sup>

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<sup>320</sup> Minn. Stat. § 216E.03, subd. 7(b)(5); Minn. R. 7850.4100(C).

<sup>321</sup> Ex. XCEL-4 at 49 (Application).

<sup>322</sup> Ex. EIP-14 at 11 (EA).

<sup>323</sup> Ex. EIP-14 at 11 (EA).

<sup>324</sup> Ex. XCEL-4 at 68 (Application).

<sup>325</sup> Ex. EIP-14 at 11 and 92 (EA).

## **D. Effects on Archaeological and Historic Resources**

309. Minnesota Rule 7850.4100, subp. D, requires consideration of the effects of the Transmission Line Project on historic and archaeological resources.<sup>326</sup>

310. No archaeological resources have been identified within the Project Area, and no impacts are anticipated.<sup>327</sup>

## **E. Effects on the Natural Environment**

311. Minnesota's HVTL routing factors require consideration of the Transmission Line Project's effect on the natural environment, including effects on air and water quality resources and flora and fauna.<sup>328</sup>

### **1. Air Quality and Climate Change**

312. During operation of the Transmission Lines, air emissions will be minimal.<sup>329</sup> Small amounts of NOX will be produced from the operation of the Transmission Lines through ionization of air molecules during corona discharge. These emissions are expected to be minimal. A small amount of ozone (O3) will be created due to corona from the operation of the Transmission Lines. The emission of O3 during operations is not anticipated to have a significant impact on the environment. Emissions from maintenance activities associated with mobile source combustion are likely to be temporary and minimal.<sup>330</sup>

313. There are no mitigation measures specific to impacts to air quality in the draft transmission line route permit.<sup>331</sup>

### **2. Water Quality and Resources**

314. The Transmission Line Project does not have any source for process wastewater; therefore, the Transmission Line Project is not anticipated to have a significant impact on groundwater resources within the Project Area.<sup>332</sup>

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<sup>326</sup> Minn. R. 7850.4100(D).

<sup>327</sup> Ex. EIP-14 at 11 (EA).

<sup>328</sup> Minn. Stat. § 216E.03, subd. 7(b)(1)–(2); Minn. R. 7850.4100(E).

<sup>329</sup> Ex. EIP-14 at 10 (EA).

<sup>330</sup> Ex. EIP-14 at 84 (EA).

<sup>331</sup> Ex. EIP-14 at 86 (EA).

<sup>332</sup> Ex. EIP-14 at 12 (EA).

### 3. Vegetation

315. Construction of the Transmission Line Project would result in short-term and long-term impacts on existing agricultural vegetation. Short-term impacts on existing vegetation would include localized clearing and ground disturbance associated with Project and construction activities. Long-term impacts include ground clearing up to 150 square feet for transmission line structure foundations.<sup>333</sup>

### 4. Wildlife and habitat

316. The Transmission Lines could have potential impacts on avian species as a result of electrocution and/or collision with transmission line infrastructure.<sup>334</sup> However, Xcel Energy designs its transmission line facilities to comply according to APLIC recommended guidance to reduce the potential for avian electrocutions.<sup>335</sup> Additionally, Section 5.3.16 of the draft transmission line route permit requires that the permittee, in cooperation with the DNR, identify areas of the transmission line where bird flight diverters will be incorporated into the transmission line design to prevent large avian collisions attributed to visibility issues.<sup>336</sup>

### 5. Soils

317. The Transmission Line Project's impacts on soils are anticipated to be minimal and temporary. Soil impacts are dependent, to some extent, on the surface conditions at the time of construction. Construction activities that occur on wet soils tend to have longer lasting impacts regardless of the soil type. During dry conditions, soil disturbances will be temporary, minimal, and generally less invasive than typical agricultural practices such as plowing and tilling.<sup>337</sup>

### F. Rare and Unique Natural Resources

318. Minnesota's HVTL routing factors require consideration of the Transmission Line Project's effect on rare and unique natural resources.<sup>338</sup>

319. Based on data reviewed from the DNR NHIS database; no state endangered, threatened, or special concern species have been documented within one mile of the Project Area. Given the agricultural landscape and lack of state-listed species

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<sup>333</sup> Ex. EIP-14 at 12 (EA).

<sup>334</sup> Ex. EIP-14 at 13 and 110 (EA).

<sup>335</sup> See Ex. XCEL-4 at 88-89 (Application).

<sup>336</sup> Ex. EIP-14 at 111 (EA).

<sup>337</sup> Ex. EIP-14 at 12 (EA).

<sup>338</sup> Minn. Stat. § 216E.03, subd. 7(b)(1); Minn. R. 7850.4100(F).

documented within one mile of the Transmission Line Project, impacts to state-listed species are not anticipated.<sup>339</sup>

### **G. Application of Various Design Considerations**

320. Minnesota's HVTL routing factors require consideration of the Transmission Line Project's applied design options that maximize energy efficiencies, mitigate adverse environmental effects, and could accommodate expansion of the transmission system in the area.<sup>340</sup>

321. The Transmission Line Project has been designed to maximize energy efficiencies and mitigate adverse environmental effects.<sup>341</sup>

### **H. Use and Paralleling of Existing Rights-of-Way**

322. Minnesota's HVTL routing factors require consideration of the Transmission Line Project's use of or paralleling of existing right-of-way, survey lines, natural division lines, and agricultural field boundaries.<sup>342</sup>

323. The Transmission Line Project is sited entirely within an existing agricultural field on property that will be owned by Xcel Energy and adjacent to the existing MNEC Project. Though use of existing right-of-way will not occur, the Transmission Line Project location minimizes new transmission right-of-way.<sup>343</sup>

### **I. Electrical System Reliability**

324. Minnesota's HVTL routing factors require consideration of the Transmission Line Project's impact on electrical system reliability.<sup>344</sup>

325. The Transmission Line Project helps meet the need for firm dispatchable resources and is key to maintaining system reliability.<sup>345</sup>

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<sup>339</sup> Ex. EIP-14 at 13 (EA).

<sup>340</sup> Minn. Stat. § 216E.03, subd. 7(b)(2); Minn. R. 7850.4100(G).

<sup>341</sup> Ex. EIP-14 at 127 (EA).

<sup>342</sup> Minn. Stat. § 216E.03, subd. 7(b)(9); Minn. R. 7850.4100(H).

<sup>343</sup> Ex. EIP-14 at 16 (EA).

<sup>344</sup> Minn. Stat. § 216E.03, subd. 7(b)(5)–(6); Minn. R. 7850.4100(K).

<sup>345</sup> Ex. EIP-14 at 44 (EA).

**J. Costs of Constructing, Operating, and Maintaining the Facility**

326. Minnesota's HVTL routing factors require consideration of the Transmission Line Project's cost of construction, operation, and maintenance.<sup>346</sup>

327. The Transmission Line Project has been designed to minimize construction and operating costs to the extent possible.<sup>347</sup>

**K. Adverse Human and Natural Environmental Effects that Cannot Be Avoided**

328. Minnesota's HVTL routing factors require consideration of the adverse human and natural environmental effects that cannot be avoided.<sup>348</sup>

329. Unavoidable adverse human and environmental effects due to the Transmission Line Project have been minimized to the extent possible.<sup>349</sup>

**L. Unavoidable, Irreversible, and Irretrievable Commitments of Resources**

330. Minnesota's HVTL routing factors require consideration of the irreversible and irretrievable commitments of resources that are necessary for the Project.<sup>350</sup>

331. Irreversible and irretrievable commitments of resources due to the Transmission Line Project have been minimized to the extent possible.<sup>351</sup>

**M. Route Permit Conditions**

332. Xcel Energy suggested that, in lieu of the vegetation management plan required under Section 5.3.10 of the sample route permit, Xcel Energy instead provide a landscape/restoration diagram showing how the facility site will be revegetated after construction is completed.<sup>352</sup> This modification is appropriate and supported by the record, given that the Project is proposed in what is currently agricultural land, and no trees will be cleared because of the Project.

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<sup>346</sup> Minn. R. 7850.4100(L).

<sup>347</sup> Ex. EIP-14 at 128 (EA).

<sup>348</sup> Minn. Stat. § 216E.03, subd. 7(b)(6); Minn. R. 7850.4100(M).

<sup>349</sup> Ex. EIP-14 at 128 (EA).

<sup>350</sup> Minn. Stat. § 216E.03, subd. 7(b)(11); Minn. R. 7850.4100(N).

<sup>351</sup> Ex. EIP-14 at 128 (EA).

<sup>352</sup> Xcel Energy Response to Hearing Comments at 2 (Feb. 20, 2026).

## **XII. CONSIDERATION OF ISSUES PRESENTED BY STATE AGENCIES AND LOCAL UNITES OF GOVERNMENT**

333. Minnesota Statute § 216E.03, subd. 7(b)(12) requires the Commission to examine, when appropriate, issues presented by federal and state agencies and local entities. The issues presented by federal, state, and local units of government are addressed in the findings above as part of the analysis of the Commission’s siting and routing factors.

## **XIII. PIPELINE PARTIAL EXEMPTION PERMIT CRITERIA**

334. In deciding whether to grant a partial exemption from pipeline route selection procedures, the Commission must determine that the Pipeline Project will not have a significant impact on humans or the environment. The Commission must consider the impact of the Pipeline Project in light of the criteria identified in Minn. R. 7852.0700, subp. 3.

## **XIV. APPLICATION OF PARTIAL EXEMPTION FROM PIPELINE ROUTE SELECTION PROCEDURES CRITERIA TO THE PIPELINE PROJECT**

### **A. Effects on Human Settlement, Existence and Density of Populated Areas, Existing and Planning Future Land Use, and Management Plans**

335. Minn. R. 7852.0700, subp. 3(A), requires that when reviewing a request for partial exemption from pipeline route selection procedures, the Commission shall consider the impact of the Pipeline on “human settlement, existence and density of populated areas, existing and planned future land use, and management plans.”<sup>353</sup>

336. The Pipeline Project is located in a rural setting and is not designated for future residential or commercial development. There are two residences located within 2,000 feet of the Project Area.<sup>354</sup>

337. Impacts from the Pipeline Project are anticipated to be negligible. Permanent impacts are limited to the Project Area, which will be owned by Xcel Energy. The Pipeline Project would be consistent with authorized uses within the agricultural

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<sup>353</sup> Minn. R. 7852.0700, subp. 3(A).

<sup>354</sup> Ex. EIP-14 at 129 (EA).

district and is compatible with future land use planning goals. The land use near the Project Area is not expected to change as a result of the Pipeline Project.<sup>355</sup>

338. The Pipeline Project will not disturb electric utilities and thus no disruptions to electrical service are anticipated.<sup>356</sup>

339. Natural gas services near the Project are provided by Minnesota Energy Resources. The Northern Border Pipeline carries natural gas through the area and would supply the Generation Project with fuel.<sup>357</sup>

340. The Pipeline is not anticipated to disrupt service; however, there is a marginal chance of a brief disruption of natural gas supply during the interconnect procedure. Any interruption would be localized to the area immediately downstream from the Project Area.<sup>358</sup>

341. Potential impacts to existing pipelines can be avoided and mitigated by coordination with the appropriate pipeline companies, which Xcel Energy will undertake as part of the natural gas pipeline connection process.<sup>359</sup>

## **B. Natural environment**

342. Minn. R. 7852.0700, subp. 3(B), requires that when reviewing a pipeline route permit application, the Commission shall consider the impact of the Pipeline on “the natural environment, public and designated lands, including but not limited to natural areas, wildlife habitat, water, and recreational lands.”<sup>360</sup>

343. Similarly, Minn. R. 7852.0700, subp. 3(G), requires that when reviewing a pipeline route permit application, the Commission shall consider the impact of the Pipeline on “natural resources and features.”<sup>361</sup>

344. The Pipeline Project is located in an agricultural field with no native vegetation, surface water resources, or public lands.<sup>362</sup>

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<sup>355</sup> Ex. EIP-14 at 6 (EA).

<sup>356</sup> Ex. EIP-14 at 68 (EA).

<sup>357</sup> Ex. EIP-14 at 68 (EA).

<sup>358</sup> Ex. EIP-14 at 68 (EA).

<sup>359</sup> Ex. EIP-14 at 68 (EA).

<sup>360</sup> Minn. R. 7852.0700, subp. 3(B).

<sup>361</sup> Minn. R. 7852.0700, subp. 3(G).

<sup>362</sup> Ex. EIP-14 at 129 (EA).

345. During operation of the natural gas pipeline, air emissions will be minimal.<sup>363</sup>

346. There are no mitigation measures specific to impacts to air quality in the draft pipeline routing permit.<sup>364</sup>

### **C. Lands of Historical, Archaeological, and Cultural Significance**

347. Minn. R. 7852.0700, subp. 3(C), states that when reviewing a pipeline route permit application, the Commission shall consider the impact of the Pipeline to “lands of historical, archaeological, and cultural significance.”<sup>365</sup>

348. No impacts to archaeological and historic resources are anticipated as a result of the Pipeline Project.<sup>366</sup>

### **D. Land Use Economies**

349. Minn. R. 7852.0700, subp. 3(D), states that when reviewing a pipeline route permit application, the Commission shall consider the impact of the Pipeline upon “economies within the route, including agricultural, commercial or industrial, forestry, recreational, and mining operations .”<sup>367</sup>

350. Permanent impacts to agriculture as a result of the Pipeline Project would include loss of farmland due to the construction of the Pipeline through an agricultural field. Impacts to agricultural operations have been mitigated by proposing a Project adjacent to the MNEC Project and the existing Northern Border Pipeline, which reduces the extent of impacts to agricultural property.<sup>368</sup>

### **E. Pipeline Cost and Accessibility**

351. Minn. R. 7852.0700, subp. 3(E), states that when reviewing a pipeline route permit application, the Commission shall consider “pipeline cost and accessibility.”<sup>369</sup>

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<sup>363</sup> Ex. EIP-14 at 84 (EA).

<sup>364</sup> Ex. EIP-14 at 86 (EA).

<sup>365</sup> Minn. R. 7852.0700, subp. 3(C).

<sup>366</sup> Ex. EIP-14 at 129 (EA).

<sup>367</sup> Minn. R. 7852.0700, subp. 3(D).

<sup>368</sup> Ex. EIP-14 at 129 (EA).

<sup>369</sup> Minn. R. 7852.0700, subp. 3(E).

352. The costs of the Pipeline have been minimized to the extent practical by locating the Pipeline Project adjacent to the MNEC Garvin Substation and Northern Border Natural Gas Pipeline, which limits the need for additional pipeline.<sup>370</sup>

**F. Use of Existing Rights-of-Way and Right-of-Way Sharing or Paralleling**

353. Minn. R. 7852.0700, subp. 3(F), states that when reviewing a pipeline route permit application, the Commission shall consider the “use of existing rights-of-way and right-of-way sharing or paralleling.”<sup>371</sup>

354. The Pipeline Project is sited adjacent to the MNEC Project on land that will be owned by Xcel Energy.<sup>372</sup>

**G. Impact on Natural Resources and Features**

355. Minn. R. 7852.0700, subp. 3(G), states that when reviewing a pipeline route permit application, the Commission shall consider the “natural resources and features.”<sup>373</sup>

356. The Pipeline Project is located in an agricultural field with no native vegetation, surface water resources, or public lands.<sup>374</sup>

**H. Extent Human or Environmental Effects are Subject to Mitigation by Regulatory Control or Permit Conditions**

357. Minn. R. 7852.0700, subp. 3(H), states that when reviewing a pipeline route permit application, the Commission shall consider the “the extent to which human or environmental effects are subject to mitigation by regulatory control and by application of the permit conditions contained in part 7852.3400 for pipeline right-of-way preparation, construction, cleanup, and restoration practices.”<sup>375</sup>

358. The environmental impacts identified in the EA would be minimized through the conditions identified in the draft pipeline routing permit.<sup>376</sup>

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<sup>370</sup> Ex. EIP-14 at 129 (EA).

<sup>371</sup> Minn. R. 7852.0700, subp. 3(F).

<sup>372</sup> Ex. EIP-14 at 129 (EA).

<sup>373</sup> Minn. R. 7852.0700, subp. 3(G).

<sup>374</sup> Ex. EIP-14 at 129 (EA).

<sup>375</sup> Minn. R. 7852.0700, subp. 3(H).

<sup>376</sup> Ex. EIP-14 at 129 (EA).

**I. Cumulative Potential Effects of Related or Anticipated Future Pipeline Construction**

359. Minn. R. 7852.0700, subp. 3(I), states that when reviewing a pipeline route permit application, the Commission shall consider the “cumulative potential effect of related or anticipated future pipeline construction.”<sup>377</sup>

360. There are no anticipated cumulative potential effects related to future pipeline construction.<sup>378</sup>

**J. Other Local, State, or Federal Rules and Regulations**

361. Minn. R. 7852.0700, subp. 3(J), states that when reviewing a pipeline route permit application, the Commission shall consider the “relevant policies, rules, and regulations of the state and federal agencies and local government land use laws including ordinances adopted under Minnesota Statutes, section 299J.05, relating to the location, design, construction, or operation of the proposed pipeline and associated facilities.”<sup>379</sup>

362. The Pipeline Project would adhere to all policies, rules, and regulations of state, federal or local governments.<sup>380</sup>

**K. Pipeline Route Permit Conditions**

363. Sections 6.4, 6.5, and 7.10 of the sample pipeline routing permit are inapplicable to this Project because of its limited geographic scope and location entirely on property that will be owned by Xcel Energy. Likewise, the record supports modifying Section 6.3 of the sample pipeline routing permit to require monthly, rather than weekly, status reporting, consistent with the reporting requirements in the Site and Route Permits.

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<sup>377</sup> Minn. R. 7852.0700, subp. 3(I).

<sup>378</sup> Ex. EIP-14 at 130 (EA).

<sup>379</sup> Minn. R. 7852.0700, subp. 3(J).

<sup>380</sup> Ex. EIP-14 at 130 (EA).

## XV. NOTICE

364. Minnesota law also requires the EIP Staff and the Commission to provide certain notice to the public during the Certificate of Need application process. The EIP Staff and the Commission provided the required notices to the public.<sup>381</sup>

365. Minnesota law requires an applicant for a Site Permit and Route Permit to provide certain notice to both the public and local units of government before and during the permitting process. Xcel Energy provided the required notices to the public and to local units of government.<sup>382</sup>

366. Minnesota law also requires the EIP Staff and the Commission to provide certain notice to the public throughout the permitting process related to a Site Permit and Route Permit. The EIP Staff and the Commission provided the required notices to the public.<sup>383</sup>

367. Xcel Energy provided the required notices to the public and to local units of government related to the request for a partial exemption from pipeline route selection procedures.<sup>384</sup>

368. Minnesota law also requires the EIP Staff and the Commission to provide certain notice to the public throughout the pipeline permitting process. The EIP Staff and the Commission provided the required notices to the public.<sup>385</sup>

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<sup>381</sup> Minn. Stat. § 216B.243, Minn. R. 7849.1400; Exs. EIP-13 (PUC EIP Scoping Decision and Notice), PUC-1 (Notice of Comment Period for Exemption from Certain CN Filing Requirements), PUC-2 (Notice of Commission Meeting), PUC-3 (Notice of Comment Period – Notice of Period on Application Completeness), PUC-6 (Notice of Public Information and Environmental Assessment Scoping Meetings), PUC-11 (Notice of Public Hearings and Availability of Environmental Assessment), and PUC-12 (Notice of Comment Period on the Merits of the CN Application).

<sup>382</sup> Minn. Stat. § 216E.03, subd. 3a and 4; Minn. R. 7850.2100, subps. 2 and 4; Exs. XCEL-3 (Notice of Intent to Submit under Alternative Process), XCEL-19 (Notice of Filing Application), and XCEL-23 (Scoping Notice Compliance Filing).

<sup>383</sup> Minn. Stat. § 216E.03, subd. 3a, 4, and 6; Minn. R. 7850.2300, subp. 2, .3700, subp. 2, 3, and 6; Exs. EIP-13 (PUC EIP Scoping Decision and Notice), PUC-2 (Notice of Commission Meeting), PUC-3 (Notice of Comment Period – Notice of Period on Application Completeness), PUC-6 (Notice of Public Information and Environmental Assessment Scoping Meetings).

<sup>384</sup> Minn. 7852.0600, subp. 2; Exs. XCEL-19 (Notice of Filing Application), and XCEL-23 (Scoping Notice Compliance Filing).

<sup>385</sup> Minn. 7852.0900, subp. 2; Exs. EIP-13 (PUC EIP Scoping Decision and Notice), PUC-2 (Notice of Commission Meeting), PUC-3 (Notice of Comment Period – Notice of Period on Application Completeness), PUC-6 (Notice of Public Information and Environmental Assessment Scoping Meetings), PUC-11 (Notice of Public Hearings and Availability of Environmental Assessment), and PUC-12 (Notice of Comment Period on the Merits of the CN Application).

## **XVI. COMPLETENESS OF THE ENVIRONMENTAL ASSESSMENT**

369. Minnesota law requires EIP Staff to prepare an environmental report on a proposed HVTL or a proposed LEPGP at the need stage.<sup>386</sup> However, the Commission ordered the environmental review and hearing processes for the Certificate of Need and site, route, and pipeline permits jointly, including preparation of an EA in lieu of an environmental report.<sup>387</sup>

370. The EA process is the alternative environmental review approved by the Minnesota Environmental Quality Board (EQB) for the Project.<sup>388</sup> The Commission is required to determine the completeness of the EA. An EA is complete if it and the record address the issues identified in the scoping decision.<sup>389</sup>

371. The evidence in the record demonstrates that the EA is adequate because the EA and the record created at the public hearing and during the subsequent comment period address the issues raised in the scoping decision.

372. Any of the foregoing Findings more properly designated Conclusions of Law are hereby adopted as such.

Based on the foregoing Findings of Fact and the record in this proceeding, the Administrative Law Judge recommends that the Commission make the following:

### **CONCLUSIONS OF LAW**

1. Any of the foregoing findings of fact more properly designated as conclusions of law are hereby adopted as such. Any of the conclusions of law which are more properly designated findings of fact are hereby adopted as such.

2. Xcel Energy has substantially complied with the applicable procedural requirements of Minn. Stat. § 216B.243, Minn. R. Ch. 7849, Minn. Stat. Ch. 216E, Minn. R. Ch. 7850, Minn. Stat. Ch. 216G, and Minn. R. Ch. 7852.

3. The Commission has substantially complied with the applicable procedural requirements of Minn. Stat. § 216B.243, Minn. R. Ch. 7849, Minn. Stat. Ch. 216E, Minn. R. Ch. 7850, Minn. Stat. Ch. 216G, and Minn. R. Ch. 7852.

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<sup>386</sup> Minn. R. 7849.1200.

<sup>387</sup> Ex. PUC-5 (Order).

<sup>388</sup> *E.g.*, Minn. R. 4410.4400, subp. 3; Minn. R. 7850.3900, subp. 2.

<sup>389</sup> Minn. R. 7850.3900, subp. 2.

4. Public hearings were held on January 26, 2026 (in-person) and January 27, 2026 (remote-access). Proper notice of the public hearings was provided, and the public was given an opportunity to speak at the hearings and to submit written comments.

5. The EA prepared for the Project, and the record created at the public hearing, address the issues identified in the EA scoping decision.

6. The Commission and the Administrative Law Judge have jurisdiction to consider Xcel Energy's Application. Xcel Energy, EIP Staff, and the Commission provided all notices required under Minnesota statutes and rules for a Certificate of Need proceeding.

7. Xcel Energy and the EIP Staff have complied with all applicable substantive and procedural requirements for a Certificate of Need.

8. The record in this proceeding demonstrates that Xcel Energy has satisfied the criteria set forth in Minn. Stat. § 216B.243 and Minn. R. 7849.0120.

9. The record in this proceeding also demonstrates that Xcel Energy has satisfied other applicable relevant statutory criteria set forth in Minn. Stat. § 216B.1691 (renewable energy standards) and Minn. Stat. § 216B.2426 (distributed generation).

10. The Commission has the authority under Minn. Stat. §§ 216E.03, and 21G.02 to place conditions in a LEPGP site permit, HVTL route permit, and pipeline routing permit.

11. The record in this proceeding demonstrates that Xcel Energy has satisfied the criteria for a site permit as set forth in Minn. Stat. § 216E.03 and Minn. R. Ch. 7850 and all other applicable legal requirements.

12. The Generation Project, with the permit conditions discussed above, satisfies the site permit criteria for an LEPGP in Minn. Stat. § 216E.03 and meets all other applicable legal requirements.

13. The record in this proceeding demonstrates that Xcel Energy has satisfied the criteria for a route permit as set forth in Minn. Stat. § 216E.03 and Minn. R. Ch. 7850 and all other applicable legal requirements.

14. The Transmission Line Project, with the permit conditions discussed above, satisfies the route permit criteria for an HVTL in Minn. Stat. § 216E.03 and meets all other applicable requirements.

15. The record in this proceeding demonstrates that Xcel Energy has satisfied the criteria for a partial exemption from pipeline route selection procedures as set forth in Minn. R. 7852.0700.

16. The Pipeline Project, with the permit conditions discussed above, satisfies the applicable criteria for a pipeline in Minn. Stat. § 216G.02 and Minn. R. Ch. 7852 and meets all other applicable requirements.

17. The Project, with the permit conditions discussed above, is not likely to cause the pollution, impairment, or destruction of the air, water, land or other natural resources located within the state as those terms are used in the Minnesota Environmental Rights Act and/or the Minnesota Environmental Policy Act.<sup>390</sup>

Based upon these Conclusions, the Administrative Law Judge makes the following:

### **RECOMMENDATIONS**

Based upon these Findings of Fact and Conclusions of Law, the Administrative Law Judge recommends that the Commission issue a Certificate of Need, Site Permit, Transmission Line Route Permit, and Partial Exemption and Pipeline Routing Permit to Xcel Energy to construct and operate the Project and associated facilities in Lyon County, Minnesota.

THIS REPORT IS NOT AN ORDER AND NO AUTHORITY IS GRANTED HEREIN. THE MINNESOTA PUBLIC UTILITIES COMMISSION WILL ISSUE THE ORDER THAT MAY ADOPT OR DIFFER FROM THE PRECEDING RECOMMENDATION.

Dated on

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James Mortenson  
Administrative Law Judge

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<sup>390</sup> See Minn. Stat. §§ 116B.01-116B.13, 116D.01-116D.11.