



12300 Elm Creek Blvd • Maple Grove, Minnesota 55369-4718 • 763-445-5000 • Fax 763-445-5050

October 22, 2014

VIA ELECTRONIC FILING

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

Re: Reply to the Department of Commerce, Division of Energy Resources Comments on the Notice Plan Petition for the Application of Great River Energy and Minnesota Power for a Certificate of Need for the Menahga Area 115 kV Transmission Line Project in Hubbard, Wadena and Becker counties, Minnesota
Docket No. ET2/E015/CN-14-787

Dear Dr. Haar:

Great River Energy and Minnesota Power ("Applicants") appreciate the review of its Notice Plan Petition for the above-referenced project by the Department of Commerce, Division of Energy Resources, Energy Regulation and Planning ("DER-ERP") and the Department of Commerce, Division of Energy Resources, Energy Environmental Review and Analysis ("DER-EERA"). Both DER-ERP and DER-EERA filed comments on Great River Energy's Notice Plan Petition on October 8, 2014.

We offer the following reply comments.

DER-ERP

Applicants agree with the majority of the comments provided by the DER-ERP; however, we would like to provide further clarification regarding the request for a waiver of requirement of Minnesota Rule 7829.2500, Subpart 5 that requires newspaper notice of the filing after a certificate of need is filed.

It is anticipated that the Notice Plan will be implemented in December 2014. In accordance with the Notice Plan, Applicants will publish notice in the four local newspapers identified in the Notice Plan Petition no more than 60 days before the certificate of need application is filed. Applicants will be filing a combined certificate of need and route permit application in one document, likely in January 2015. Notice of this filing will be published in the same local newspapers within 15 days after submission of the application per the project notice rules for a route permit application (Minnesota Rule 7850.2100, Subpart 4). Applicants feel that a third newspaper notice per Minnesota Rule 7829.2500, Subpart 5 is redundant and unnecessary given the second newspaper notice published per Minnesota Rule 7850.2100, Subpart 4. For the reasons described herein, Applicants respectfully renew our request for waiver of the notice requirement under Rule 7829.2500, Subpart 5.

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DER-EERA

Applicants agree with the comments provided by the DER-EERA and have made the suggested edits to Attachments C (Landowner letter), D (Local Governmental Units letter), and H (newspaper notice). Applicants have also revised the format of the letters (see enclosed Stakeholder Letter as an example) to more closely match those submitted in the Motley Area Project Notice Plan Petition (Docket No. ET2, E015/CN-14-853). The content of the letters has not changed but we believe this format is more organized and more effective in encouraging stakeholder participation.

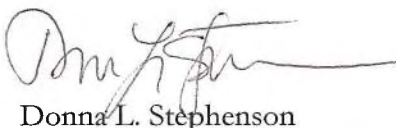
Applicants anticipate requesting a route width of 500 feet in their route permit application; therefore, the Notice Area will be expanded from 1000 feet to 1500 feet. Applicants will include the pipeline on the maps as suggested by EERA (see example map attached to enclosed revised Stakeholder Letter).

The additional governmental entities (one additional county, four additional townships) will be added to the notice list as suggested.

If you have any questions regarding these reply comments, please contact me at 763-445-5218.

Respectfully Submitted,

GREAT RIVER ENERGY



Donna L. Stephenson
Associate General Counsel

Enclosure

cc: Service List

_____, 2014

**RE: Notice of Certificate of Need Application for Great River Energy and Minnesota Power's 115 kV Transmission Line Menahga Area Project in Hubbard, Wadena and Becker Counties, Minnesota
Docket No. ET2, E015/CN-14-787**

Dear Stakeholder:

You have received this letter because you own or reside at property that may be impacted by an electric transmission line project being proposed by Great River Energy and Minnesota Power. We respectfully seek your input on the planning of this project and your participation in the state of Minnesota's review and permitting process. This letter discusses the project details and the state of Minnesota's approval and permitting process.

Great River Energy and Minnesota Power are proposing a 115 kV transmission line project in the townships of Hubbard and Straight River in Hubbard County; the townships of Blueberry and Red Eye in Wadena County; and in Runeberg Township in Becker County, Minnesota ("Project").

The Project will address transmission system overloads in the area and will provide electric service to a new substation that will in turn serve a proposed Minnesota Pipeline Company ("MPL") pipeline pumping station.

Great River Energy and Minnesota Power will jointly file a combined Certificate of Need and Route Permit application with the Public Utilities Commission ("Commission") and request permission to:

- Construct an east-west transmission line between the existing Great River Energy Hubbard Substation and the existing Minnesota Power Pipeline Substation, of which approximately 4.5 miles will be double-circuit 115 kV line and approximately 2.5 miles will be single-circuit 115 kV line.
- Construct a generally north-south transmission line between the existing Minnesota Power Pipeline Substation and the proposed new Todd-Wadena Electric Cooperative ("Todd-Wadena") Red Eye distribution substation, which will be approximately 15.5 miles of primarily single-circuit 115 kV line.

- Construct the proposed new Great River Energy Blueberry Substation in the vicinity of the existing Menahga Substation; construct the proposed new Todd-Wadena Red Eye Substation to serve the proposed Minnesota Pipe Line Company (“MPL”) Sebeka pumping station; and modify the existing Todd-Wadena Menahga Substation and the Minnesota Power Pipeline Substation.

The area under consideration for the location of the Project is depicted in **Attachment 1**.

Great River Energy and Minnesota Power anticipate that a 100-foot wide right-of-way (“ROW”) will be required for the Project. Before beginning construction, Great River Energy will acquire property rights for the ROW, typically through an easement that will be negotiated with the landowner for each parcel.

The proposed structures for the Project are primarily single pole, wood structures approximately 60 to 90 feet above ground using spans of approximately 275 to 400 feet between poles. Additionally, specialty structures, other than the single pole wood structures discussed above, may be used through areas of environmental sensitivity or where construction conditions require their use.

This notice is being provided to those who fall within one or more of the categories listed below as they relate to the 1500-foot wide area (“Notice Area”) shown on Attachment 1:

- Landowners with property within the Notice Area;
- Residents within the Notice Area;
- Local units of government with jurisdiction in the Notice Area;
- Local and State elected officials who have constituents in the Notice Area; and
- State and local government agencies and offices with jurisdiction in the Notice Area.

Regulatory Process Overview

For the Project, the Commission must determine whether the Project is needed (Certificate of Need) and where the Project should be located (Route Permit). Before the Project can be constructed, the Commission must first certify that the Project is needed. Certification of the Project is governed by Minnesota law, including Minnesota Statutes Section 216B.243, and Minnesota Rules Chapters 7829 and 7849, specifically Rules 7849.0010 to 7849.0400 and 7849.1000 to 7849.2100. In the Certificate of Need proceeding, the Commission will analyze whether Great River Energy and Minnesota Power have proposed the most appropriate size, type, and timing for the Project. The Certificate of Need application, once submitted, can be obtained by visiting the Commission’s website at www.mn.gov/puc in Docket No. ET2, E015/CN-14-787.

In addition to certifying the Project, the Commission must also grant a Route Permit for the Project. Routing of the Project is governed by Minnesota law, including Minnesota Statutes Chapter 216E and Minnesota Rules Chapter 7850, specifically Rules 7850.2800 to 7850.3900, as

they pertain to the alternative permitting process. Information on the Route Permit application, once filed, can be obtained by visiting the Commission's website (Docket No. ET2, E015/TL-14-797) and the Minnesota Department of Commerce Energy Environmental Review and Analysis ("EERA") website at <http://mn.gov/commerce/energyfacilities>.

EERA staff is responsible for conducting environmental review of the Project. EERA staff is responsible for preparing both an environmental report ("ER") for the Certificate of Need proceeding and an environmental assessment ("EA") for the Route Permit proceeding. EERA staff may elect to combine these two documents and issue one document, an EA in lieu of an ER, which satisfies the environmental review requirements for the Certificate of Need and Route Permit proceedings.

Great River Energy and Minnesota Power will be submitting an application for a Route Permit and will identify a proposed route and routes that were evaluated but rejected. More detail on the route Great River Energy and Minnesota Power intend to propose for the Project in their Route Permit Application is provided in the fact sheet (**Attachment 2**). Other routes can be proposed during the EA scoping process to be completed by EERA. As part of its analysis, EERA will evaluate the route proposed by Great River Energy and Minnesota Power in its Route Permit application and any other routes proposed during the scoping process that will aid in the Commission's decision on the Route Permit application. The Commission may determine that a route submitted by Great River Energy and Minnesota Power, or a route proposed during the scoping process, or some combination of such routes is the most appropriate route for the Project. Selection of a final route by the Commission will be based on evaluation of the routes, guided by the Factors identified in Minnesota Statutes Section 216E.03, subdivision 7, Minnesota Rule 7850.4100, and stakeholder input received during the regulatory process.

Need for the Project

The Menahga Area Project is needed by 2017 to address circuit overloads that already exist on the Hubbard – Verndale 34.5 kV system and to meet the MPL in-service date for the Sebeka pumping station, as discussed below.

Load-serving Need

The 34.5 kV sub-transmission system sourced from the Great River Energy Hubbard 230/115/34.5 kV Substation and the Minnesota Power Verndale 115/34.5 kV Substation is at risk of experiencing transmission system overloads. These system issues were first detected in 2007. As a temporary measure, Minnesota Power installed a 2.4 MVAR capacitor at Sebeka Regulator Station in 2008 to relieve these voltage issues. However, the capacitor bank was viewed as a short-term solution, because the transmission line and transformers were close to the thermal limits.

With continuing risk of transmission system overloads and a new pumping station load, it is now necessary to remove a large load (Menahga), from the 34.5 kV system and place it on a

new 115 kV circuit. This will require construction of a new 115 kV transmission line between the existing Great River Energy Hubbard Substation and the existing Todd-Wadena Menahga Substation, and then south to the proposed new Todd-Wadena Red Eye distribution substation to serve the new MPL pumping station.

Minnesota Pipe Line Company Need

MPL is proposing to construct six new pumping stations along its newest pipeline (Line 4) to ensure that Minnesota refineries continue to have access to reliable and sufficient crude oil supplies to meet demand for transportation fuels. MPL plans to use available capacity on Line 4 to ensure reliability of its pipeline system, which is the primary crude oil pipeline system supplying Minnesota's two refineries. In addition to the local load-serving need discussed above, the Menahga Area 115 kV Project is needed to provide electrical service to the new Todd-Wadena Red Eye distribution substation, which will serve one of these six proposed pumping stations (the Sebeka Pumping Station). MPL submitted a Certificate of Need application for the Minnesota Pipe Line Reliability Project on July 25, 2014 (Docket No. PL-5/CN-14-320).

Biennial Transmission Planning

Minnesota statutes include a requirement that each electric transmission-owning utility in the state file a biennial transmission planning report with the Commission in the fall of odd years. These reports provide an excellent source of background information on the transmission planning process used by utilities in Minnesota. The 2013 Biennial Transmission Planning Report is available at: www.minnelectrans.com.

How to Stay Informed on the Project

To subscribe to the Project Certificate of Need docket and receive email notifications when information is filed that is related to the Certificate of Need for the Project, please visit www.mn.gov/puc, click on the "Subscribe to a Docket" button, enter your email address and select "Docket Number" from the Type of Subscription dropdown box, then select "14" from the first Docket Number dropdown box and enter "787" in the second box before clicking on the "Add to List" button. You must then click the "Save" button at the bottom of the page to confirm your subscription to the Project Docket. These same steps can be followed to subscribe to the Project Route Permit docket (Docket No. ET2, E015/TL-14-797).

If you have questions about the process, you may contact the Minnesota regulatory staff listed below:

Minnesota Public Utilities Commission Cezar Panait, Staff Analyst 121 7 th Place East, Suite 350 St. Paul, MN 55101 651.201.2207 800.657.3782 cezar.panait@state.mn.us www.mn.gov/puc	Department of Commerce, EERA Ray Kirsch, Environmental Review Manager 85 7 th Place East, Suite 500 St. Paul, MN 55101 651.539.1841 800.657.3794 raymond.kirsch@state.mn.us mn.gov/commerce/energyfacilities
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If you would like to have your name added to the Project Route Permit mailing (paper or electronic) list (Docket No. ET2, E015/TL-14-797), contact the Consumer Affairs Office at the Commission, consumer.puc@state.mn.us, 651-296-0406 or 1-800-657-3782.

If you would like to have you name added to the Project Certificate of Need mailing (paper or electronic) list (Docket No. ET2, E015/CN-14-787), mail, fax, or email Robin Benson at Minnesota Public Utilities Commission, 121 7th Place E., Suite 350, St. Paul, MN 55101-2147, Fax: 651-297-7073 or robin.benson@state.mn.us.

The Great River Energy contacts for questions about this Project are:

Carole L. Schmidt
Supervisor, Transmission Permitting and Compliance
Great River Energy
12300 Elm Creek Blvd
Maple Gove, MN 55369
763.445.5214
cschmidt@GREnergy.com

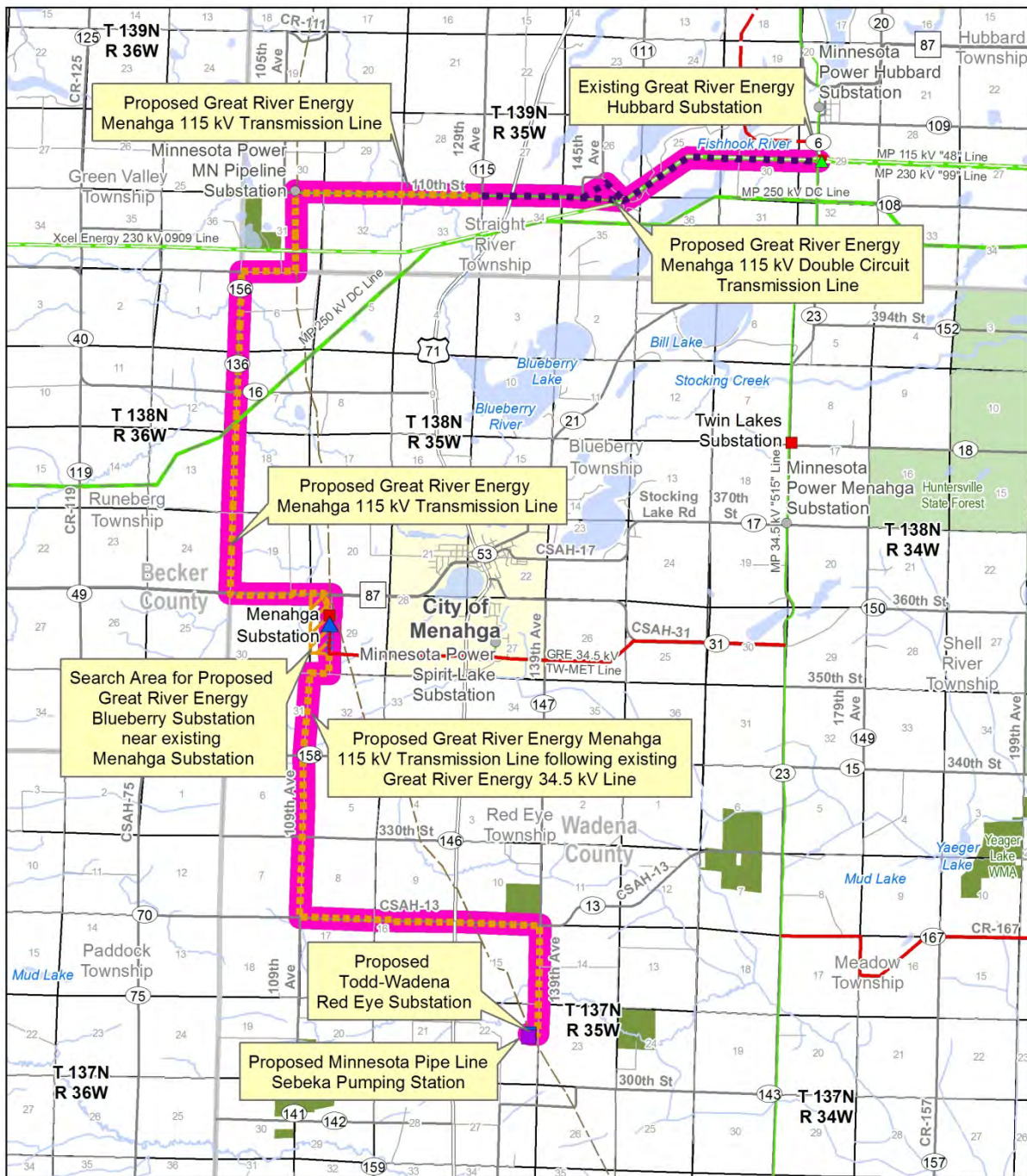
Michelle Lommel
Senior Field Representative
Great River Energy
12300 Elm Creek Blvd
Maple Grove, MN 55369
763.445.5977
612.309.6839
mlommel@GREnergy.com

Great River Energy maintains a project web page containing key milestones and information it has posted to the docket. Please visit:

http://greatriverenergy.com/deliveringelectricity/currentprojects/projects_menahga.html

Sincerely,

Carole L Schmidt
Supervisor, Transmission Permitting and Compliance



GIS Data sources include:
MNGEO, MNDNR, MNDOT, and Great River Energy.

**Menahga Area 115 kV
Transmission Project
Map
Attachment 1**

0 0.5 1 Miles

GREAT RIVER ENERGY
A Touchstone Energy Cooperative