

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange
Dan Lipschultz
Matthew Schuenger
Katie J. Sieben
John A. Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Bria E. Shea
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401

SERVICE DATE: September 1, 2017

DOCKET NO. E-002,ET-6675/CN-17-184

David Grover
ITC Midwest, LLC
901 Marquette Avenue, Suite 1950
Minneapolis, MN 55402

In the Matter of the Application of Xcel Energy and ITC Midwest, LLC for the Huntley-Wilmarth 345 KV Transmission Line Project

The above-entitled matter was considered by the Commission on August 24, 2017, and the following disposition made:

1. Approved the Notice Plan petition as modified:

- **Added the *Maple River Messenger* and a statewide newspaper to the list of newspapers through which notification will be provided pursuant to Minnesota Rules, part 7829.2550, subpart 3.**
- **Granted a variance to Minnesota Rules, part 7829.2500, subpart 5, to remove the requirement to publish notice in a statewide newspaper at the time of the Certificate of Need application (and require statewide publication earlier in the process) and Minnesota Rules, part 7829.2550, subpart 6, to allow for a revised timeframe for implementing the notice plan.**

2. Approved the petition for exemptions from certain filing requirements for the Certificate of Need application.

The Commission agrees with and adopts the recommendations of the Minnesota Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Daniel P. Wolf
Executive Secretary

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July 20, 2017

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002, ET6675/CN-17-184

Dear Mr. Wolf:

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

Notice Plan Petition for the Huntley—Wilmarth 345 kV Transmission Line Project.

The Petition was filed on June 30, 2017 by:

Bria E. Shea
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401

and

David Grover
ITC Midwest, LLC
901 Marquette Avenue, Suite 1950
Minneapolis, MN 55402

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve the petition with modifications**. The Department is available to respond to any questions the Commission may have.

Sincerely,

/s/ STEVE RAKOW
Analyst Coordinator

SR/lt
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002, ET6675/CN-17-184

I. INTRODUCTION

On March 3, 2017 Northern States Power Company, doing business as Xcel Energy (Xcel) and ITC Midwest, LLC (ITC) (collectively, the Companies) filed their *Notice of Intent to Construct, Own, and Maintain the Huntley—Wilmarth 345 kV Transmission Line Project* pursuant to Minnesota Statutes § 216B.246, subd. 3 (a).

On June 30, 2017, the Companies filed their *Notice Plan Petition for the Huntley—Wilmarth 345 kV Transmission Line Project* (Notice Petition). The Notice Petition provides the Companies' proposed notice plan to communicate an intent to construct a 40- to 50-mile 345 kV transmission line between Xcel's existing Wilmarth substation north of Mankato, Minnesota and ITC's Huntley substation, currently under construction, south of Winnebago, Minnesota (Project). The Notice Petition includes a draft notice for landowners, residents, and governmental jurisdictions, along with a draft newspaper notice.

Below are the comments of the Minnesota Department of Commerce, Division of Energy Resources, Energy Regulation and Planning (Department) regarding the Notice Petition.

II. DEPARTMENT ANALYSIS

A. GOVERNING STATUTES AND RULES

The Companies filed the Notice Petition pursuant to Minnesota Rules, part 7829.2550 subpart 1 which states, in part:

Three months before filing a certificate of need application for a high-voltage transmission line as defined by Minnesota Statutes, section 216B.2421, the applicant shall file a proposed plan for providing notice to all persons reasonably likely to be affected by the proposed line.

Minnesota Statutes § 216B.2421 includes in its definition of a Large Energy Facility (LEF):

(2) any high-voltage transmission line with a capacity of 200 kilovolts or more and greater than 1,500 feet in length.

Given that the proposed Project is a 345 kV transmission line approximately 40 to 50 miles long, the proposed Project falls within the definition of “large energy facility” and, therefore, requires a notice plan.

B. TYPES OF NOTICE

Minnesota Rules, part 7829.2550, subpart 3, requires types of notice as follows:

- direct mail notice, based on county tax assessment rolls, to landowners reasonably likely to be affected by the proposed transmission line;
- direct mail notice to all mailing addresses within the area reasonably likely to be affected by the proposed transmission line;
- direct mail notice to tribal governments and to the governments of towns, statutory cities, home rule charter cities, and counties whose jurisdictions are reasonably likely to be affected by the proposed transmission line; and
- newspaper notice to members of the public in areas reasonably likely to be affected by the proposed transmission line.

Regarding landowner notice, the Companies proposed to provide notice to landowners in the notice area shown in Figure 1 in Attachment A of the Notice Petition. The potential routes within the notice plan are not identified at this time. Instead, the Notice Petition states that:

This map will be modified prior to implementation of notice plan to show routes expected to be included in the route permit application. Applicants will provide this map to PUC and DOC staff to review prior to mailing.

Regarding notice to landowners, the Companies stated that they have obtained landowner names and addresses from tax records. Regarding the notice to mailing addresses, the Companies proposed to send direct mail notice to mailing addresses using mailing lists obtained from a bulk mailing company. The Companies intend to remove addresses common to the landowner and resident lists.

Regarding notice to governmental jurisdictions reasonably likely to be affected by the proposed Project, the Companies provided a list of government officials in Attachment B. The list

includes state representatives, state senators, numerous county, township and city officials, several tribal organizations, and various state agencies.

Regarding newspaper notice, in Attachment C the Applicants listed four local newspapers to be provided notice. The Department reviewed lists of newspapers in the area and recommends that the *Maple River Messenger* be added to the list of newspapers.

After reviewing the data in Attachments A, B, and C of the Notice Petition, the Department concludes that the Companies proposed identification of individuals and organizations that should receive notice, as modified above, is reasonable.

C. *CONTENT OF NOTICE*

Minnesota Rules, part 7829.2550, subpart 4 require the notices to provide the following information:

- a map showing the end points of the line and existing transmission facilities in the area;
- a description of general right-of-way requirements for a line of the size and voltage proposed and a statement that the applicant intends to acquire property rights for the right-of-way that the proposed line will require;
- a notice that the line cannot be constructed unless the Minnesota Public Utilities Commission (Commission) certifies that it is needed;
- the Commission's mailing address, telephone number, and Web site;
- if the applicant is a utility subject to chapter 7848, the address of the Web site on which the utility applicant will post or has posted its biennial transmission projects report required under that chapter;
- a statement that the Environmental Quality Board¹ will be preparing an environmental report on each high-voltage transmission line for which certification is requested;
- a brief explanation of how to get on the mailing list for the Environmental Quality Board's proceeding; and
- a statement that requests for certification of high-voltage transmission lines are governed by Minnesota law, including specifically chapters 4410 and 7849, and Minnesota Statutes, section 216B.243.

¹ The Department notes that while the statutes have changed regarding routing authority and location of the staff preparing the environmental report, the Commission's rules have not yet been updated to reflect these changes. See Docket No. E,ET,IP999/R-12-1246.

The Department reviewed the attached notices, letters and maps provided by the Companies and concludes that the proposal for the resident/landowner notice, governmental notice, and newspaper notice contains the required information.²

D. NOTICE TIMING

Minnesota Rules, part 7829.2550, subpart 6, requires the applicant to implement the notice plan within 30 days of its approval by the Commission. However, the Companies requested that the Commission “direct the notices identified in this notice plan to occur no more than 60 days and no less than two weeks prior to the filing of the certificate of need application.” The Commission has ordered a similar approach in several dockets.³

Minnesota Rules, part 7829.3200 governs such variance requests and establishes the following criteria:

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

The Department concludes that enforcement of the rule would burden all parties involved by separating the provision of notice from the start of the proceeding. Granting the variance would not adversely affect the public interest since the Companies’ proposal would more closely tie the implementation of the notice plan to the beginning of the certificate of need (CN) proceeding. The Department is not aware that the variance would conflict with standards imposed by law. Therefore, the Department recommends that the Commission approve the Companies’ request to implement the notice plan no more than 60 days and no less than two weeks prior to the filing of the CN petition.

² Note that the notices discuss an environmental impact statement rather than an environmental report since the Companies expect to file the need and route permit petitions at about the same time.

³ Examples include:

- November 3, 2006 in Docket No. E002, ET2, et al/CN-08-1115;
- November 29, 2007 in Docket No. E017, E015, ET6/CN-07-1222;
- November 12, 2008 in Docket No. E002/CN-08-992;
- January 26, 2010 in Docket No. E002/CN-09-1390;
- August 17, 2010 in Docket No. E002/CN-10-694;
- February 4, 2013 in Docket No. E002/CN-12-1235;
- December 8, 2014 in Docket No. E015/CN-14-787; and
- January 30, 2015 in Docket No. E015/CN-14-853.

E. NEWSPAPER NOTIFICATION REQUIREMENTS

In addition to the newspaper notice discussed above, Minnesota Rules, part 7829.2500, subpart 5, requires the Companies to publish newspaper notice of the CN filing in newspapers of general circulation throughout the state. The Companies request a variance to Minnesota Rules, part 7829.2500, subpart 5 both to remove the requirement to publish notice in a newspaper of general circulation throughout the state and to remove the requirement to publish that notice at the time of the CN application.

In its filing, the Companies indicated that they intend to publish a notice in the four local papers: *Blue Earth Faribault County Register*, *Lake Crystal Tribune*, *Mankato Free Press* and *Minnesota Lake Tribune*. All of the selected newspapers are local. Given that the proposed Project potentially has regional impacts,⁴ the Department recommends that the Commission order a statewide newspaper be added to the newspaper notice list. However, the Department recommends that the Commission simplify the notification process by approving the requested variance to remove the requirement to publish that notice at the time of the CN application— instead the statewide newspaper notice could be published at the same time as the other notice documents. In summary, the Department concludes that, with the addition of a statewide newspaper, the Companies' proposed plan for newspaper notice is reasonable.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the Notice Petition, as modified by the following:

- add the *Maple River Messenger* and a statewide newspaper to the list of newspapers through which notification will be provided pursuant to Minnesota Rules, part 7829.2550, subpart 3, and
- grant a variance to Minnesota Rules, Part 7829.2500 to remove the requirement to publish the notice in a statewide newspaper at the time of the CN application.

/lt

⁴ The claimed need is to reduce congestion on the transmission grid in southern Minnesota and northern Iowa that is inhibiting lower-cost electricity from generation facilities, including wind farms in the area, from reaching customers. The project will provide economic benefits by enabling more low-cost electric generation to reach customers throughout the region.

August 3, 2017

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002, ET6675/CN-17-184

Dear Mr. Wolf:

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

Request for Exemptions for the Huntley—Wilmarth 345 kV Transmission Line Project.

The Petition was filed on July 14, 2017 by:

Bria E. Shea
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401

and

David Grover
ITC Midwest, LLC
901 Marquette Avenue, Suite 1950
Minneapolis, MN 55402

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve the petition**. The Department is available to respond to any questions the Commission may have.

Sincerely,

/s/ STEVE RAKOW
Analyst Coordinator

SR/lt
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002, ET6675/CN-17-184

I. INTRODUCTION

On March 3, 2017, Northern States Power Company, doing business as Xcel Energy (Xcel) and ITC Midwest, LLC (ITCM) (collectively, the Companies) filed their *Notice of Intent to Construct, Own, and Maintain the Huntley—Wilmarth 345 kV Transmission Line Project* pursuant to Minnesota Statutes § 216B.246, subd. 3 (a).

On June 30, 2017, the Companies filed their *Notice Plan Petition for the Huntley—Wilmarth 345 kV Transmission Line Project* (Notice Petition).

On July 14, 2017, the Companies filed their *Request for Exemptions for the Huntley—Wilmarth 345 kV Transmission Line Project* (Exemption Petition).

On July 19, 2017 the Commission issued a notice of comment period regarding the Exemption Petition. Topics open for comment include:

- Should the Commission grant the exemption request?
- Are there other project-related issues or concerns?

On July 20, 2017, comments on the Notice Petition were filed by the Minnesota Department of Commerce, Division of Energy Resources (Department).

Below are the comments of the Department regarding the Exemption Petition and the issues listed in the Commission's notice.

II. DEPARTMENT ANALYSIS

A. GOVERNING STATUTES AND RULES

The Companies filed the Exemption Petition pursuant to Minnesota Rules, part 7849.0200 subpart 6 which states, in part:

Before submitting an application, a person is exempted from any data requirement of parts 7849.0010 to 7849.0400 if the person (1) requests an exemption from specified rules, in writing to the commission, and (2) shows that the data requirement is unnecessary to determine the need for the proposed facility or may be satisfied by submitting another document. A request for exemption must be filed at least 45 days before submitting an application.

In the Exemption Petition the Companies request to be exempted from certain data requirements of parts 7849.0010 to 7849.0400.

B. BACKGROUND

The Companies intend to construct a 40- to 50-mile 345 kV transmission line between Xcel's existing Wilmarth substation north of Mankato, Minnesota and ITCM's Huntley substation, currently under construction, south of Winnebago, Minnesota (Project). The peExemption Petition states that the Project was studied, reviewed, and approved by the Midcontinent Independent System Operator, Inc.'s (MISO) Board of Directors as a Market Efficiency Project (MEP) in December 2016 as part of the annual *MISO Transmission Expansion Plan* (MTEP) report.

The Exemption Petition indicates that one of the goals of the MTEP process is to reduce the cost of energy delivery by identifying transmission projects that enable access to generation at the lowest total electric system cost under a variety of possible future scenarios. MEPs are transmission projects that are designed to help achieve this goal. MISO found that the proposed Project would provide significant benefits in the form of reduced production costs. Specifically, the proposed Project is designed to reduce wholesale energy costs by addressing congestion in the MISO electric transmission system along the Minnesota/Iowa border. In Iowa and southern Minnesota, low-cost energy has not been able to reach load centers, such as the Twin Cities, due to congestion.

C. REQUESTED EXEMPTIONS

The Exemption Petition requests exemptions from the following requirements:

- 7849.0240 subpart 2 (B)—promotional activities;
- 7849.0260 subpart (C) (5)—effect on rates systemwide;
- 7849.0260 subpart A (3) and C (6)—proposed transmission line and alternatives;
- 7849.0260 (D)—system map;
- 7849.0270 subpart 2 (A to D and F) and subparts 3 to 5—peak demand and energy forecast;
- 7849.0280 (B) through (I)—system capacity;
- 7849.0290—conservation;
- 7849.0300—consequences of delay; and
- 7849.0340—no facility alternative.

The Department examines each specific exemption request separately. The required criterion is whether the Companies have shown that “the data requirement is unnecessary to determine the need for the proposed facility or may be satisfied by submitting another document” as discussed above.

D. ANALYSIS OF EXEMPTION REQUESTS

1. 7849.0240 subpart 2 (B)

Minnesota Rules 7849.0240, subp. 2 (B) requires an applicant to provide “promotional activities that may have given rise to the demand for the facility.” The Exemption Petition stated that the ITCM “does not directly serve end-users of electric service and has not engaged in promotional activities that could have given rise to the need for the proposed Project” and therefore requests an exemption for ITCM. Xcel will provide its relevant data. As mentioned by Companies, the Commission has granted other, non-load serving utilities a similar exemption in previous proceedings. Therefore, the Department recommends that the Commission grant the requested exemption to Minnesota Rules 7849.0240, subp. 2 (B).

2. 7849.0260 subpart (C) (5)

Minnesota Rules 7849.0260, subp. (C) (5) requires an applicant to provide “for the proposed facility and for each of the alternatives...an estimate of its effect on rates systemwide and in Minnesota, assuming a test year beginning with the proposed in-service date.” The Exemption Petition stated that ITCM “is not a Minnesota public utility whose rates are regulated by the Commission... as a transmission-only utility, ITC Midwest’s rates are regulated by the Federal

Energy Regulatory Commission (FERC) and the prices for providing transmission service are governed by the MISO tariff.”

In lieu of the required data the Companies proposed that ITCM provide “information regarding the expected Project cost, the MEP allocation methodology, and the share that will be allocated to Minnesota utilities’ load.” Xcel will provide its relevant data related to the Project’s effects on its rates systemwide and in Minnesota. The Department agrees with the Companies that data on the cost allocation method and the share estimated to be allocated to Minnesota load would be more relevant to this proceeding than the data required by rule. Therefore, the Department recommends that the Commission grant the requested exemption to Minnesota Rules 7849.0260, subp. (C)(5) with the provision of the proposed alternative data.

3. *7849.0260 subpart A (3) and C (6)*

Minnesota Rules 7849.0260 subpart A (3) and C (6) require an applicant to provide estimated “losses under projected maximum loading and under projected average loading in the length of the transmission line and at the terminals or substations.” Instead, the Companies proposed to supply system loss information in lieu of line-specific losses. The Department agrees that line losses for the system are more relevant to the analysis in this proceeding than line losses for individual lines. Also, as indicated in the Exemption Petition the proposal is consistent with the approach previously approved by the Commission in several other transmission line certificate of need dockets. Therefore, the Department recommends that the Commission grant the requested exemption to Minnesota Rules 7849.0260 subpart A (3) and C (6) with the provision of the proposed alternative data.

4. *7849.0260 (D)*

Minnesota Rules 7849.0260 (D) requires the applicant to provide a map showing the applicant’s system. As an independent transmission company, ITCM does not serve load directly. Therefore, the Companies proposed to provide a map showing ITCM’s network of transmission lines in Minnesota and Iowa. The same approach was used in ITCM’s most recent certificate of need proceeding (Docket No. ET6675/CN-12-1053). The Department recommends that the Commission grant the requested exemption to Minnesota Rules 7849.0260(D) with the provision of the proposed alternative data.

5. *7849.0270 subpart 2 (A to D and F) and subparts 3 to 5*

Under Minnesota Rules 7849.0270 an applicant must provide detailed peak demand and energy consumption forecasts to justify the need for a proposed transmission project. However, the Companies do not plan to claim the Project is needed to support growing peak demand or to

meet energy demands. Instead, the Companies claimed that, as a MEP, the Project would benefit customers in the broader MISO region as well as customers in southwestern Minnesota and the Twin Cities metropolitan area by relieving congestion on the regional electric system. As a result, the Companies proposed:

to provide forecast information utilized by MISO in studying, planning, and analyzing the Project rather than data limited to the Applicants' service areas and systems. This data will include PROMOD production costs analyses MISO used in the MTEP16. The Applicants will also provide information on the congestion issues on the Minnesota-Iowa border and a discussion of how the proposed Project will alleviate these issues. Congestion data will include historical, day-ahead, real-time and market-to-market congestion, as well as projected congestion identified through out-year production cost model simulations.

The Department agrees that the data and information the Companies proposed to provide are more appropriate regarding assessing the need for the Project and that Company specific forecasts will be of little value. The Department recommends that the Commission grant the requested exemption to 7849.0270 subpart 2 (A to D and F) and subparts 3 to 5 with the provision of the proposed alternative data.

6. *7849.0280 (B) through (I)*

Under Minnesota Rules 7849.0280 an applicant must provide information that describes the ability of its existing system to meet forecasted demand; in essence, load and capability (L&C) information. The Companies noted that the Commission "has previously granted exemption requests from Rule 7849.0280, Subps. (B) through (I) in several other transmission line Certificate of Need dockets where, as here, issues of transmission adequacy, rather than generation adequacy, were at issue." The Department agrees that L&C data will be of minimal value in assessing the proposed need. Therefore, the Department recommends that the Commission grant the exemption to Minnesota Rules 7849.0280.

7. *7849.0290*

Minnesota Rules 7849.0290 requires the applicant to provide conservation program information and quantification of the impact of conservation programs on forecast data. ITCM requests a full exemption from Minnesota Rule 7849.0290 because ITCM has no end-use customers and therefore cannot affect customers' energy consumption levels. The Companies also note that the Commission has granted ITCM an exemption from this requirement in a prior

proceeding (Docket No. ET6675/CN-12-1053). The Department recommends that the Commission grant the exemption to Minnesota Rules 7849.0290.

8. 7849.0300 and 7849.0340

Minnesota Rules 7849.0300 requires detailed information regarding the consequences of delay on three specific statistically-based levels of demand and energy consumption. Minnesota Rules 7849.0340 requires a discussion of the impact on existing generation and transmission facilities at the three levels of demand specified in part 7849.0300 for the no-build alternative. Instead of the required data the Companies propose to evaluate the consequences of delay and a no build alternative “based on impacts to congestion relief and request a variance from the portions of these rules that requires the examination of delay to incorporate the three specific levels of demand required by Minnesota Rule 7849.0300.” The Department recommends that the Commission grant the requested exemption to 7849.0300 with the provision of the proposed alternative data.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the Exemption Petition.

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