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April 11, 2012

Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

**Re: Northern States Power Company Fargo-Monticello MN
345 kV Cap-X Transmission Line Siting Application
Case No. PU-07-759**

Dear Mr. Nitschke:

Enclosed for filing in the above referenced proceeding, please find Northern States Power Company, a Minnesota corporation's, Proposed Findings of Fact, Conclusions of Law and Order.

Please feel free to contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darrin F. Lahr', written in a cursive style.

Darrin F. Lahr

Supervisor, Siting and Land Rights,
Xcel Energy Services Inc., as agent for
Northern States Power Company,
a Minnesota corporation

cc: Jerry Lein
Mitch Armstrong
Erik Johnson

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STATE OF NORTH DAKOTA PUBLIC SERVICE COMMISSION

**Northern States Power Company
Fargo-Monticello MN 345 kV
Cap-X Transmission Line
Siting Application**

Case No. PU-07-759

Proposed Findings of Fact, Conclusions of Law, and Order

Appearances

Commissioners Tony Clark, Kevin Cramer, and Brian P. Kalk.

Lisa M. Agrimonti, Attorney, and Zeviel Simpser, Attorney, Briggs and Morgan, P.A., 220 IDS Center, 80 South 8th Street, Minneapolis, Minnesota 55402, on behalf of Applicant, Northern States Power Company, a Minnesota corporation (NSP).

Mitchell D. Armstrong, Special Assistant Attorney General, 122 E. Broadway Avenue, Bismarck, North Dakota 58501, on behalf of the Public Service Commission.

Al Wahl, Administrative Law Judge, Office of Administrative Hearings, 1701 North Ninth Street, Bismarck, North Dakota 58501, as Procedural Hearing Officer.

Preliminary Statement

On November 13, 2007, NSP filed a Letter of Intent (LOI) to submit an application for a Certificate of Corridor Compatibility for the North Dakota portion of a 345 kilovolt (kV) transmission line from a substation in the Fargo, North Dakota area to be located in Cass and Richland counties to St. Cloud, Minnesota. Xcel Energy requested in its LOI that the Commission shorten the one-year waiting required between the filing of the LOI and the filing of an application.

On December 14, 2007, the Commission shortened the one-year waiting period to thirty days and assessed a filing fee of \$100,000.

On December 30, 2010, NSP, on behalf of itself and the other anticipated co-owners of the proposed transmission line and associated facilities, filed an application for a certificate of corridor compatibility for a new 345 kV electric transmission line and associated facilities proposed near Fargo, North Dakota in Cass and Richland counties to St. Cloud, Minnesota (Application). NSP filed an amendment to its application on April, 13, 2011 (Amended Application), and a supplemental filing on May 16, 2011.

On October 3, 2011, NSP on behalf of itself and the other anticipated co-owners of the proposed transmission line and associated facilities, filed an application for a waiver of procedure and timelines and consolidated certificate of corridor compatibility and route permit for a new 345 kV electric transmission line and associated facilities proposed near Fargo, North Dakota in Cass and Richland counties to St. Cloud, Minnesota (Consolidated Application). Specifically, NSP requested that the Commission, pursuant to N.D.C.C. § 49-22-07.2, waive the

provisions of N.D.C.C. § 49-22-08.1, 49-22-13, and N.D. Admin. Code § 69-06-01-02, which require separate hearings of such applications.

On December 21, 2011, the Public Service Commission issued a Notice of Filing and Notice of Hearing and deemed the Consolidated Application complete. The Commission scheduled the hearing for January 30, 2012 at 10:00 a.m. (CDT) at the Fargo City Commission Room, 200 3rd Street North, Fargo, North Dakota on NSP's Consolidated Application.

The Notice of Hearing identified the following issues to be considered:

1. Will the location, construction, and operation of the proposed facilities produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Are the proposed facilities compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility locations minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?
4. Is it appropriate for the Commission to waive procedures and time schedules as requested, including the request for a single consolidated application for corridor certificate and route permit?

On January 30, 2012 at 10:00 a.m. (CDT), a public hearing was held in Fargo, North Dakota. NSP presented two witnesses and several members of the public offered comments. Warrant Township also presented a request to include additional conditions in the Commission's order in this proceeding.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed, and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. NSP is a Minnesota corporation duly authorized to conduct business in the State of North Dakota as a public utility subject to the jurisdiction and regulation of the Commission pursuant to Title 49 of the North Dakota Century Code. NSP presently serves approximately 86,000 retail electric customers in and around Fargo, Grand Forks, and Minot, North Dakota. NSP owns approximately 250 miles of transmission lines and 12 substations in North Dakota.

2. NSP proposes to construct a 345 kV transmission line from a proposed Bison Switching Station to be located in Harmony Township, North Dakota to a New Quarry Substation, located west of the City of St. Cloud, Minnesota (Fargo Project). The North Dakota portion of the Fargo Project will begin at a point on the North Dakota – Minnesota border and end at the proposed Bison Switching Station. Transmission line construction is anticipated to begin in the first quarter of 2013.

3. The Fargo Project is being constructed as part of the CapX2020 Initiative, whose goal is to study, develop, permit and construct transmission infrastructure needed to implement

long-term and cost-effective solutions for customers to meet the growth in energy demand expected between 2009 and 2020. The 11 utilities currently participating in the CapX2020 Initiative are: Great River Energy, NSP, Central Minnesota Municipal Power Agency, Dairyland Power Cooperative, Minnesota Power, Minnkota Power Cooperative, Inc., Missouri River Energy Services, Otter Tail Power Company, Rochester Public Utilities, Sothern Minnesota Municipal Power Agency, and WPPI Energy (collectively the CapX2020 Utilities).

4. Great River Energy, Minnesota Power, Missouri River Energy Services, NSP, and Otter Tail Power Company are the CapX2020 Utilities participating in and expected to own a share of the Fargo Project (the Participating Utilities).

5. The transmission line and Bison Switching Station will be constructed by NSP.

6. The transmission line will be approximately 30 miles in length.

7. NSP proposed a corridor one mile wide but has agreed to a corridor 300 feet wide representing the area for which a pedestrian survey has or will be conducted. The proposed corridor extends west from the North Dakota/Minnesota border within Pleasant township until diverging north in Addison township. The proposed corridor terminates at the proposed Bison Switching Station siting area in Harmony township. The proposed corridor would accommodate a Red River crossing near Oxbow.

8. The proposed route is located within the proposed corridor and extends west from the North Dakota/Minnesota border in Pleasant township, near Oxbow, until turning north in Normanna township and continuing north for a short distance across Warren township. In Warren township, the proposed route diverges west, and then turns north in Addison township and continues north until terminating at the proposed Bison Switching Station siting area in Harmony township.

9. The North Dakota Historical Society reviewed the proposed route and corridor and found no historic properties affected.

10. The Participating Utilities will elect their ownership share of the Fargo Project at some point in the future, but prior to construction of the North Dakota portion of the Fargo Project, and enter into a series of agreements providing for the ownership, construction, operation, maintenance, and capacity of the North Dakota portion of the Fargo Project.

11. The transmission line will be owned, operated, and maintained by the Participating Utilities. NSP is the designated "project manager" for the Fargo Project.

12. The proposed Bison Switching Station will be constructed, owned, and maintained by NSP. The proposed Bison Switching Station will be a 345 kV switching station designed to provide in and out interconnections to the Jamestown to Maple River 345 kV transmission line. NSP anticipates acquiring up to 80 acres for the substation to provide for the fenced area, equipment, and a buffer area.

13. Mr. Darrin Lahr testified that he reviewed the eleven factors set forth in N.D.C.C. § 49-22-09 to guide the evaluation and designation of corridors and routes. After a review of the factors, he concluded that any impact is minimal and short term. He concluded that there are no irreversible or irretrievable commitments of natural resources for the Fargo Project.

14. The proposed transmission line and associated facilities will be designed and constructed to meet or surpass all relevant state codes and standards of the National Electric Safety Code, NSP standards, and in accordance with Avian Power Line Interaction Committee suggested practices for raptor-safe design.

15. The total cost of the Fargo Project is estimated to be between \$500 and \$750 million.

16. The transmission line will be mostly constructed on self-weathering or galvanized steel poles. The typical structure will be between 130 and 175 feet tall. The typical pole will have a 36-48 inch base with a 6-12 foot foundation diameter. Site specific conditions may require other structures be used, such as structures having reduced or increased height or multiple pole structures.

17. The transmission line will be 3-phase. The proposed conductor will be composed of two 954 Aluminum Conductor Steel Supported (ACSS) cables or conductors of comparable capacity. Each conductor is 954,000 circular mils or approximately 1.2 inches in diameter. The typical spans between structures will be between 600 and 1,000 feet. Their right-of-way will be mostly 150 feet wide. In some limited instances, where specialty structures are required for long spans, poor soil conditions, or in environmentally sensitive areas, up to 180 feet of right-of-way may be needed.

18. The transmission line will be constructed in a double-circuit compatible configuration. A double-circuit compatible configuration means that the transmission line will be placed on structures capable of supporting a second 345 kV circuit. NSP stated that a double circuit line could be operated within the same right-of-way for the proposed transmission line.

19. Consistent with the Certification on Order Provisions, NSP stated that it has, or will, comply with local land use and planning ordinances.

20. Section 49-22-16(3) of the North Dakota Century Code provides that an applicant for a route permit from the Commission shall obtain all permits that may be required to construct and operate the transmission facility.

21. North Dakota Administrative Code, Chapter 69-06-08 sets forth certain criteria to guide the Commission in evaluating the suitability of granting an application for a Certificate of Corridor Compatibility. The criteria as set forth in Section 69-06-08-02 are classified as Exclusion Areas, Avoidance Area, Selection Criteria, Policy Criteria.

22. North Dakota Administrative Code, Chapter 69-06-08 provides that Exclusion and Avoidance Areas may be located within a corridor, but at no point shall such an area encompass more than 50% of the corridor width, unless there is no reasonable alternative.

23. North Dakota Administrative Code, Section 60-06-08-02 provides that a transmission facility route must not be sited with an Exclusion Area. A transmission facility route must not be sited within an Avoidance Area unless the Applicant shows under the circumstances there are no reasonable alternatives.

24. In accordance with the Commission's Selection Criteria, a corridor may be approved if it is demonstrated that any significant adverse impacts that will result from the

location, construction, and maintenance of the transmission facility will be at an acceptable minimum or managed at an acceptable minimum.

25. In accordance with the Commission's Policy Criteria, preference may be given to an applicant demonstrating certain benefits from the adoption of certain policies and practices.

26. NSP evaluated a corridor width of approximately three miles.

27. NSP submitted information in its Application, Amended Application, supplemental filings, Consolidated Application, and testimony at the January 30, 2012 hearings, concerning compliance with the Commission Exclusion and Avoidance Areas Criteria as applied to the proposed corridor and route.

28. At no point within the proposed corridor does an Exclusion or Avoidance Area encompass more than 50% of the corridor width.

29. The proposed corridor and route will not adversely impact any airstrips located in the proposed corridor or study area.

30. NSP has performed a Class III pedestrian survey in an area three hundred feet in width centered on the proposed route centerline in areas for which affected landowners have granted access. The State Historic Preservation Office has concurred with the findings of such surveys. NSP has committed to perform additional Class III pedestrian surveys in those areas for which it was not granted access after the Commission issues a route permit for the proposed transmission line.

31. NSP has consulted with numerous local, state, and federal agencies, which are identified in its supplemental filing. No agency has objected to construction of the Fargo Project as of the date of this order.

32. A review of wetlands in the area of the Proposed Corridor and Route was conducted for the transmission line and Bison Switching Station and the results are included in the Consolidated Application. Less than 1% of the proposed corridor contains wetlands, and the proposed route will impact 4 acres of wetlands. If impacts to Clean Water Act jurisdictional waters are unavoidable and less than one-half acre, NSP will seek project authorization under a Section 404 US Army Corps of Engineers Nationwide Permit application. Permanent impacts to jurisdictional waters will be mitigated according to USACE requirements.

33. No rare or unique resources have been identified along the route. It is not anticipated that the proposed transmission facility will impact rare and unique resources. NSP has consulted with the United States Fish and Wildlife Service (USFWS) to develop a conservation measure and line marking plan as may be necessary.

34. There is one rural residences within 500 feet of the proposed route. The owners of this residence have consented to the location of the Fargo Project within 500 feet of this residence and have executed a waiver of this routing criteria. There are no places of business within 500 feet of the proposed route.

35. NSP submitted information in its Application, Amended Application, supplemental filing, Consolidated Application, and through its testimony that any significant adverse effects from the location, construction, and maintenance of the transmission line and Bison Switching

Station as they relate to the Selection Criteria listed at Section 69-06-08-1(3) of the North Dakota Administrative Code, will be at an acceptable minimum or will be managed and maintained at an acceptable minimum.

36. NSP submitted information in its Application, Amended Application, supplemental filings, Consolidated Application, and through its testimony at the hearing to demonstrate its commitment to maximize, to the extent possible, the benefits of the proposed transmission lines and Bison Switching Station to meet the Policy Criteria set forth in Section 69-06-08-1(4) of the North Dakota Administrative Code.

37. North Dakota Century Code Chapter 49-23, the One Call Excavation Notice System, sets forth requirements for excavators as well as operators of underground facilities for the avoidance of damage to underground facilities including requirements that excavators contact the one-call notification center and provide an excavation or location notice at least 48 hours before beginning any excavation, and that the excavator notify the operator as soon as reasonably possible, of such damage to an underground facility during construction conducted under the certificate issued in this proceeding. A certificate granted under North Dakota Century Code Chapter 49-22 is subject to suspension or revocation, after hearing for failure to comply with the requirements of North Dakota Century Code Chapter 49-23.

38. NSP submitted information in its Consolidated Application and at the hearing that good cause exists to waive procedures, time, schedules and public hearings otherwise required by the Siting Act.

39. Section 49-22-07.2 of the North Dakota Century Code authorizes the Commission to waive procedures, time, schedules, and public hearings otherwise required by the Siting Act, when the Commission finds that a proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects.

From the foregoing Findings of Fact, the Commission now makes its:

Conclusions of Law

1. The Commission has jurisdiction over this proceeding under North Dakota Century Code Chapter 49-22.

2. The Certification on Order Provisions requires NSP to comply with all local regulations and conditions unless preempted by the Commission pursuant to North Dakota Century Code Section 49-22-07.

3. The transmission line and associated Bison Switching Station proposed by NSP are transmission facilities as defined in North Dakota Century Code Section 49-22-03(12).

4. The proposed transmission facility is of such design, length, location, and purpose that it will produce minimal adverse effects, as defined in North Dakota Century Code Section 49-22-05.2.

5. The Application, Amended Application, supplemental filing, and Consolidated Application submitted by NSP meet the corridor and route evaluation criteria required by Chapter 49-22 of the North Dakota Century Code.

6. The proposed transmission facility corridor and route will minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.

7. The proposed transmission facility and route are compatible with the environmental preservation and the efficient use of resources.

8. The requested waivers of procedure is justified based upon: the minimal impacts on the environment and the welfare of the citizens of North Dakota; the lack of objection to the proposed transmission by federal, state, and most local government bodies and agencies or by the majority of landowners along the route; and the objective to have a reliable integrated transmission system in North Dakota.

9. The proposed transmission facility is of such length, design, location, and purpose that it will produce minimal adverse effects.

From the foregoing Findings of Fact and Conclusions of Law, the Commission now makes its:

Order

1. NSP's application for a waiver of procedures and time schedules is granted.
2. Certificate of Corridor Compatibility for Transmission Facility Corridor No. ___ is issued to NSP, on behalf of itself and the Participating Utilities, designating a Corridor for its proposed transmission facility as described in NSP's Consolidated Application and as presented at the hearing for a width equivalent to that of the Class III pedestrian surveys performed or to be performed by NSP in compliance with this order, such width to be 300 feet from the route centerline.
3. Route Permit for the Construction of a Transmission Facility No. ____ is issued to NSP, granting authority to construct the transmission line in the route location shown on the attached map
4. Warren Township's request for special order provisions specific to it is denied.
5. Notwithstanding North Dakota Century Code Section 49-22-03(3), or any interpretation to the contrary, NSP agrees that in the event NSP desires to construct, within this Certificate of Corridor Compatibility, a new transmission facility that is not included in this Order, NSP shall apply for a Route Permit in the Corridor identified in this Order.
6. NSP shall comply with the Certification Relating to Order Provisions attached to this order.
7. NSP shall conduct a preconstruction conference prior to commencement of any construction, which must include an NSP representative, its construction supervisor, and a representative of Commission staff to ensure that NSP fully understands the conditions set forth in this Order.
8. NSP will comply with the rules and regulations of all other agencies having jurisdiction over any phase of the proposed transmission facility. Prior to commencing

construction of any particular phase of the proposed project, NSP shall obtain the necessary approvals and permits for construction of such phase and provide copies to the Commission prior to the construction of each phase.

9. NSP shall perform a Class III pedestrian survey for those portions of the proposed corridor for which it was unable to obtain access prior to the issuance of the Certificate of Corridor Compatibility and Route Permit and shall obtain the concurrence of the State Historical Preservation Office of the findings of such Class III pedestrian survey. NSP may construct those portions of the route for which the State Historical Preservation Office has stated its concurrence in the record.

10. NSP shall inform the Commission of its intent to start construction on the transmission facility prior to the commencement of construction, and, once construction has started, NSP shall keep the Commission updated of construction activities on a monthly basis.

11. NSP shall comply with all terms and conditions related to construction, operation and maintenance of the transmission facility and Bison Switching Station as may be required by any route permit issued for such transmission facilities and shall be incorporated into the Certificate of Corridor Compatibility for Transmission Facility Corridor No. ___ issued by this order.

12. NSP shall promptly report to the Commission the presence in the permit area of any critical habitat of threatened or endangered species, or of bald or golden eagles that NSP becomes aware of and that were not previously reported to the Commission.

13. If any cultural resource, paleontological site, archeological site, historical site, or grave site is discovered during construction, earth disturbing activities in the immediate vicinity of the discovery must be halted. The resource must be marked, preserved, and protected from further disturbances until a professional examination can be made and consultation with the State Historical Preservation Office. A report of such examination must be filed with the Commission, and clearance to proceed must be given by the Commission.

14. All pre-existing roads and lanes used during construction must be restored to a condition that will accommodate their previous use and areas used as temporary roads or working areas during construction must be restored to their original condition.

15. Construction must be suspended when weather conditions are such that construction activities will cause irreparable damage, unless adequate protection measures approved by the Commission are taken.

16. Reclamation along the right-of-way shall be continuous and coordinated with construction.

17. Reclamation, fertilization, and reseeding is to be done by NSP according to the United States Department of Agriculture Natural Resource Conservation Service recommendations for CRP, native prairie, and other non-cropped lands unless otherwise specified by the landowner and approved by the Commission.

18. NSP shall comply with the Commission's Tree and Shrub Mitigation Specifications attached to this Order.

19. NSP's obligation for maintenance of the right-of-way shall continue throughout the life of the transmission facilities.

20. NSP shall work with landowners and residents to mitigate any increase in television and residential radio interference that results from the path of the transmission line.

21. NSP shall repair, replace, or provide compensation for all fences and gates removed or damaged during all phases of construction and operation of the proposed transmission facilities.

22. Structure locations filed on _____ are approved. NSP shall obtain approval from the Commission or from Commission staff prior to any changes in structure locations.

23. NSP shall provide the Commission with a copy of the facility alignment plan and profile drawings showing the facility as built (hard copy and electronic versions), and an electronic version of the as-built facility that can be imported into ESRI GIS mapping software, within three months of the completion of construction.

24. The authorizations granted by the Certificate of Corridor Compatibility for Transmission Facility Corridor No. ___ and Construction of a Transmission Facility No. _____ are subject to modification by order of the Commission if deemed necessary to further protect the public or environment.

PUBLIC SERVICE COMMISSION

Kevin Cramer
Commissioner

Tony Clark
Chairman

Brian P. Kalk
Commissioner