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April 9, 2024

VIA E-FILING

Ms. Patricia Van Gerpen
Executive Director
Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501-5070

Re: Certification of Northern States Power Company d/b/a Xcel Energy for the
Brookings County – Lyon County and Helena – Hampton Second-Circuit Project
Docket No. EL10-016

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota corporation, doing business as Xcel Energy (NSP and also referred to as “Xcel Energy” or “the Company” in the Original Permit defined herein below), as the lead utility for itself and on behalf of the other CapX2020 Brookings Owners¹ as co-Applicants (collectively, with Xcel Energy, Applicants), respectfully submits to the South Dakota Public Utilities Commission (Commission) the enclosed certification (attached as Appendix A) (Certification) for the Brookings County – Lyon County and Helena – Hampton Second-Circuit Project (Project or Brookings County Second-Circuit Project). The Commission granted Xcel Energy and GRE a facility permit for the South Dakota portion of the Brookings County – Hampton transmission line (Original Brookings Line) on June 17, 2011, in this docket (Original Permit). The Brookings County Second-Circuit Project involves installing a second 345 kiloVolt (kV) circuit on double-circuit capable structures of the Brookings County – Lyon County (Western Segment) and Helena – Hampton (Eastern Segment) portions of the Original Brookings Line.

Utilities that improve a transmission facility more than four years after issuance of a facility permit must first certify that the transmission facility continues to meet the conditions of the original permit.² More than four years have passed since the Commission granted the Original Permit. Through this filing, Xcel Energy certifies to the Commission that the portions of the Original Permit that Xcel Energy now proposes to construct, namely: (a) installing 10.6 miles of the second 345 kV circuit in South Dakota along the Original Brookings Line and (b) adding a new breaker at the Brookings County Substation (South Dakota Project), continue to meet the conditions upon which

¹ In addition to Xcel Energy, the “CapX2020 Brookings Owners” or “Owners” are Central Minnesota Municipal Power Agency, Great River Energy (GRE), Otter Tail Power Company, and Western Minnesota Municipal Power Agency.

² S.D.C.L. § 49-41B-27.

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the Original Permit was granted. NSP respectfully submits the enclosed Certification. Because a certification under S.D.C.L. § 49-41B-27 does not require any decision or action by the Commission, this filing does not require a permit issuance proceeding.³

BACKGROUND

I. Original Brookings Line

In 2005, Xcel Energy and other upper Midwest utilities proposed a plan to develop transmission capacity throughout South Dakota, North Dakota, Minnesota, and Wisconsin that would be needed by 2020. Referred to as “CapX2020,” the plan included a number of transmission projects, including the Original Brookings Line. The Original Brookings Line consisted of a 345 kV transmission line and substation connections between the Brookings County Substation in South Dakota and the Hampton Substation near Hampton, Minnesota. The South Dakota portion of the Original Brookings Line extends 10.6 miles from near White, South Dakota, to the South Dakota-Minnesota border.

On November 23, 2010, Xcel Energy and GRE (Original Applicants) filed an application with the Commission for a facility permit for the South Dakota portion of the Original Brookings Line.⁴ The Original Applicants requested authority to construct the Original Brookings Line with a “double circuit conductor configuration.”⁵ The Original Application stated:

At this time, the transmission line is expected to be constructed with a single circuit on the double circuit capable structures . . . [t]he second circuit will be added when conditions warrant.⁶

Double-circuit capable structures, in this case, means that the towers have added capacity to install a second circuit on a currently unused set of davit arms. The Administrative Rules of South Dakota require applicants for a facility permit to describe “any plans for future modification or expansion of the proposed facility or construction of additional facilities which the applicant may wish to be approved in the permit.”⁷ The Original Applicants addressed this requirement by explaining that “[t]he Facility may be constructed in phases with the initial circuit strung at the time of construction and the second circuit strung at a later date.”⁸

Commission Staff and the Original Applicants eventually reached a settlement with respect to the Original Application and, on June 8, 2011, filed a Joint Motion for Approval of

³ *In re Keystone XL Pipeline*, 2018 S.D. 44, ¶ 13, 914 N.W.2d 550, 555.

⁴ *In re Application of Great River Energy & Northern States Power Company d/b/a Xcel Energy for a Permit to Construct a 10.6 Mile, 345 kV Transmission Line (CapX2020) in Brookings County Near White, South Dakota*, Docket No. EL10-016, Application (Nov. 11, 2010) (hereinafter Original Application).

⁵ *Id.* at 3.

⁶ *Id.*

⁷ ARSD 20:10:22:25.

⁸ Original Application at 60 (citing ARSD 20:10:22:25).

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Settlement Stipulation.⁹ The Commission adopted the Settlement Stipulation and issued the Original Permit on June 17, 2011.¹⁰

The Original Permit approved the construction of approximately 10.6 miles of double-circuit-capable 345 kV transmission facilities and modifications to the existing Brookings County Substation.¹¹ The Eastern and Western Segments, including the South Dakota portion of the Western Segment, were constructed with double-circuit capable structures. Even though the settlement stipulation provided for “double circuit 345 kV transmission facilities,”¹² the Eastern and Western Segments were completed without the second circuit installed.

II. Project Description

The Project is being developed in two portions. The South Dakota portion of the Project consists of: (1) installing a second 345 kV circuit on double-circuit capable structures and (2) upgrading the Brookings County substation with new 345 kV breakers. The Minnesota portion of the Project requires: (1) installing a second 345 kV circuit on the Western and Eastern Segments, (2) reconfiguring transmission lines near the Steep Bank Lake and Chub Lake substations; (3) upgrading the Lyon County, Helena, and Hampton substations with new 345 kV breakers; (4) changing relay settings at the Steep Bank Lake and Hawks Nest Lake substations; and (5) constructing eight new poles near Castle Rock to maintain the transmission line’s low profile near an airport after the second circuit is installed. The vast majority of these modifications to the Original Brookings Line occur in Minnesota—just 10.6 miles of the modifications will occur in South Dakota. Conditions now warrant the addition of the second circuit to mitigate congestion in the region

III. Project Benefits

Xcel Energy calculated the economic benefits of the entire Project using adjusted production cost (APC) analysis. APC is the total production costs of a generation fleet including fuel, variable operations and maintenance, startup cost, and emissions, adjusted for energy market sales and purchases. APC savings are the estimated benefits of the Project. These benefits can be compared to the Project’s costs to assess net Project benefits.

Xcel Energy estimates that the Project would provide APC savings over the 63-year life of the Project of \$833.86 million for the Midcontinent Independent System Operator, Inc. (MISO) as a whole, \$334.83 million for NSP, \$58.73 million for Otter Tail Power, and \$173.99 million for GRE. Xcel Energy estimates the total nominal capital additions required for the Project, including Allowance for Funds Used During Construction, to be \$102.0 million. Comparing the APC benefits

⁹ Docket No. EL10-016, Joint Motion for Approval of Settlement Stipulation and Settlement Stipulation (June 8, 2011) (attached hereto as Appendix B).

¹⁰ Docket No. EL10-016, Order Granting Joint Motion for Approval of Settlement Stipulation & Granting Permit to Construct Facilities (June 17, 2011) (attached hereto as Appendix C).

¹¹ Docket No. EL10-016, Settlement Stipulation at 1 (June 7, 2011).

¹² *Id.*

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and the Project costs results in a MISO-wide benefit-cost ratio of 6.31.¹³ Under the Brookings Project Owners' Project Participation Agreement, the other CapX2020 Brookings Owners have confirmed their intent to participate in the Western and Eastern Segments of the Project.

Based on the economic benefits and the fact the Project would improve reliability under certain contingencies, Xcel Energy submitted the Project to MISO for expedited review during the 2022 MISO Transmission Expansion Plan (MTEP22) planning cycle. In December 2022, the MISO Board of Directors approved the Project for inclusion in Appendix A of MTEP22.

CERTIFICATION

The Applicants submit the Certification, certifying that the South Dakota Project continues to meet the conditions upon which the Original Permit was granted. The Original Permit contemplated the installation of a second-circuit without the need for a permit amendment. Through this Certification, the Applicants seek to install:

- A second 345 kV circuit on double-circuit-capable structures on the 10.6 miles of the Original Brookings Line located in South Dakota; and
- A new 345 kV breaker at the Brookings County Substation to accommodate the second circuit.

The Project does not involve the construction or improvement of any facilities not contemplated by the Original Permit. .

Xcel Energy has reviewed the environmental information provided in the docket with regard to the South Dakota Project, as well as conducted outreach with certain regulatory agencies. Xcel Energy retained Stantec Consulting Services, Inc. (Stantec) to provide updated/additional environmental information, where applicable or appropriate. Attached as Appendix D is Stantec's summary of updates or additions to the environmental information.

PERMIT CONDITIONS

The Certification signed by David Berklund attests that: (i) the conditions upon which the Commission issued the Original Permit continue to be satisfied, (ii) the South Dakota portion of the Project will comply with the terms and conditions of the Settlement Stipulation approved by the Commission in Docket No. EL10-016, and (iii) the South Dakota portion of the Project will meet and comply with all of the applicable permit conditions during construction, operation, and maintenance of the South Dakota Project.

The Applicants further submit that the circumstances and factual underpinnings of the Original Brookings Line that led the Commission to issue the Original Permit remain valid. The

¹³ In calculating the benefit-cost ratio, both the APC benefits and costs are calculated over the 63-year life of the Project. Consequently, the benefit-cost ratio cannot be calculated by dividing the APC benefits by the total nominal capital additions.

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findings underlying the Commission's decision are set forth in the Original Permit.¹⁴ The Applicants finally submit the Settlement Stipulation approved by the Commission in Docket No. EL10-016¹⁵ and commit to constructing the South Dakota Project in accordance with these terms and conditions.

CONCLUSION

The attached Certification, together with this cover letter and the supporting appendices, provide the necessary basis to demonstrate that the South Dakota Project continues to meet the conditions upon which the Original Permit was issued. Accordingly, the Applicants respectfully submit the Certification under S.D.C.L. § 49-41B-27.

Sincerely,

DORSEY & WHITNEY LLP



ZEV SIMPSER

ZS:mr

Enclosures

Cc: Service List

¹⁴ Appendix C.

¹⁵ Appendix B.