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May 3, 2011

VIA ELECTRONIC FILING

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

**RE: In the Matter of the Hiawatha Transmission Line Project
Docket No. E002/CN-10-694
Xcel Energy/City of Minneapolis/Hennepin County Reply Comments**

Dear Dr. Haar:

The Suburban Rate Authority (“SRA”) is a joint powers association organized under Minnesota Statutes, Section 471.59 (member list attached). The SRA, through the undersigned, is on the service list of this proceeding and has an interest in this Certificate of Need (“CN”) docket, as well as in the companion OAH Docket No. 15-2500-2-599-2, PUC No. ET2/TL-09-38 (“Route Permit”) proceeding. The SRA has reviewed the recently-filed Xcel Energy, City of Minneapolis and Hennepin County Reply Comments. The SRA submits these comments in response to the subject they have raised in their replies: (assuming CN approval) the Commission’s eventual need to decide the overhead versus underground placement of the transmission line and the rate implications associated with the “Standard” versus “Special” facility designation.

SRA members are suburban municipalities within the Twin Cities metropolitan area and most of them are served by Xcel Energy. Accordingly, many SRA members and ratepayers within their boundaries will experience a rate impact in the event the Commission grants the CN and orders the transmission line to be placed underground. Further rate issues will be raised if the Commission orders the line underground but does not deem the line to be a “Standard” facility. In addition to ratepayer cost issues implicated by these decisions, SRA members themselves are often in the position of deciding whether placement of transmission lines (not within the jurisdiction of the Commission) and distribution lines, should be underground or overhead. The rate implications of

those decisions are ultimately decided by the Commission in its determination of transmission or distribution lines as “Standard” or “Special” facilities. If the facility is Special and there is an objection to use of the citywide surcharge used in the City Requested Facilities Surcharge tariff, which additional subset of ratepayers is responsible for the “Excess Expenditures?”

Thus, the Commission’s line route and placement determinations in these CN and Route Permit proceedings are of high interest to the SRA both due to the eventual rate impact of the line’s cost and due to the precedent established through the criteria the Commission uses in its decision(s).

Xcel, the City of Minneapolis and Hennepin County appear to share the interest in the Commission’s deliberative process for these issues. Xcel’s Reply states:

We believe it would be in all stakeholders’ best interest to provide explicit guidance concerning the extent to which the Commission’s mitigation decisions should be interpreted as “Standard” or “Special” in the terminology of the special facilities’ tariff.

Similarly, the City’s and County’s joint Reply objects to an “inference” by the Department in its Comments in this CN proceeding “that it may be necessary to open a separate rate case and to determine which set(s) of customers Xcel proposes to charge.” (City/County Reply p. 2). The City and County argue that the Route Permit proceeding supports the line as a “Standard” facility and object to any inference introduced into this CN proceeding that there will be a ratepayer surcharge of some kind. These comments highlight the importance of the standard or special facility designation and the attention it merits in the Commission’s decisions if the project goes forward.

The SRA realizes that substantial process still lies ahead in the CN proceeding. Nevertheless, given the broad rate implications of an underground line placement, the SRA respectfully requests that adequate opportunity be given to interested parties to address the following issues, if necessary and of course only assuming CN approval and underground line placement:

1. Whether the line should be deemed a Standard, and not a Special, facility;
2. The criteria used for the Standard versus Special facility determination, whether for an underground transmission line or a distribution line;
3. If the Commission deems a facility to be Special, under what circumstances would it be appropriate for a wider ratepayer area than the current Xcel tariffed City Requested Facilities Surcharge area (i.e. the ordering city) for recovery of the “Excess Expenditures.”

Dr. Burl W. Haar
May 3, 2011
Page 3 of 3

The SRA will be prepared to take a position on these issues, if and when such issues are heard. The SRA emphasizes only that these issues merit a full and fair opportunity for hearing, as noted or implied by the above parties.

Respectfully submitted,

KENNEDY & GRAVEN, CHARTERED

A handwritten signature in black ink, appearing to read "Jim G", written over the firm name.

James M. Strommen

JMS:dac

Attachments: Service List

AFFIDAVIT OF SERVICE BY MAIL AND EMAIL

**RE: In the Matter of the Hiawatha Transmission Line Project
MPUC Docket No. E002/CN-10-694**

Debra Casaw, after being first duly sworn, deposes and says that on the 3rd day of May, 2011, she served the following documents:

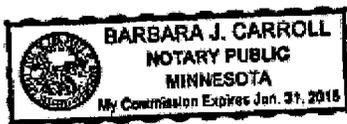
- *SRA Comments to Commission*

to all persons on the attached Service List by placing a copy of said document in an envelope, addressed to the following addresses, and depositing them in the United States Mail at Minneapolis, Minnesota, and sending the same electronically to the parties referenced on the Service List who receive the document electronically via the Minnesota Department of Commerce's E-docket e-filing system.

/s/ Debra Casaw _____
Debra Casaw

SUBSCRIBED AND SWORN to before me
this 3rd day of May, 2011.

/s/ Barbara Carroll _____
Notary Public



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