



Offices in
Minneapolis
Saint Paul
St. Cloud

470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
www.kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

JAMES M. STROMMEN
Attorney at Law
Direct Dial (612) 337-9233
Email: jstrommen@kennedy-graven.com

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.”

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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



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Lisa	AgriMonti	lagrimonti@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_10-694_Official
Julia	Anderson	julia.anderson@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No	OFF_SL_10-694_Official
Douglas	Benson	douglas.benson@state.mn.us	Department of Health	PO Box 64975 Saint Paul, MN 55155	Electronic Service	No	OFF_SL_10-694_Official
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	Suite 2300 150 South Fifth Street Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-694_Official
Steven	Bosacker		City of Minneapolis	City Hall, Room 301M 350 South Fifth Street Minneapolis, MN 554151376	Paper Service	No	OFF_SL_10-694_Official
Christopher	Clark	christopher.b.clark@xcelenergy.com	Xcel Energy	5th Floor 414 Nicollet Mall Minneapolis, MN 554011993	Paper Service	No	OFF_SL_10-694_Official
Corey	Conover	corey.conover@ci.minneapolis.mn.us	City Of Minneapolis	350 South 5th Street City Hall, Room 210 Minneapolis, MN 554022453	Electronic Service	No	OFF_SL_10-694_Official
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-694_Official
Patricia	DeBleekere	tricia.debleekere@state.mn.us	Public Utilities Commission	Suite 350 121 Seventh Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_10-694_Official
Randall	Doneen	randall.doneen@dnr.state.mn.us	Department of Natural Resources	500 Lafayette Road St. Paul, MN 55155	Electronic Service	No	OFF_SL_10-694_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Lori	Ellis	Lori.ellis@earth.org	Little Earth of United Tribes	2495 18th Avenue S Minneapolis, MN 55404	Paper Service	No	OFF_SL_10-694_Official
Ron	Elwood	relwood@mnisap.org	Legal Services Advocacy Project	2324 University Ave Ste 101 St. Paul, MN 55114	Electronic Service	No	OFF_SL_10-694_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_10-694_Official
Jeff	Freeman	Jeff.Freeman@state.mn.us	DEED	1st National Bank Bldg 332 Minnesota St Saint Paul, MN 55101	Electronic Service	No	OFF_SL_10-694_Official
Travis	Germundson	travis.germundson@state.mn.us		520 Lafayette Rd Saint Paul, MN 55155	Electronic Service	No	OFF_SL_10-694_Official
Bradley	Gunn	big@mgmlp.com	Maikerson Gunn Martin LLP	1900 U.S. Bank Plaza South 2200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_10-694_Official
Eric	Gustafson	eric@corcoranneighborhood.org	Corcoran Neighborhood Organization	3451 Cedar Ave S Minneapolis, MN 55407	Electronic Service	No	OFF_SL_10-694_Official
Burt W.	Haar	burt.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	OFF_SL_10-694_Official
Karen Finstad	Hammel	Karen.Hammel@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota Street St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_10-694_Official
Eric	Hart	hart3151@cq.net	Longfellow Community Council	2727 26th Avenue South Minneapolis, MN 55406	Electronic Service	No	OFF_SL_10-694_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Leslie	Hayashida	Leslie.M.Hayashida@wellsfargo.com	Wells Fargo & Company	Sixth & Marquette Minneapolis, MN 55479	Electronic Service	No	OFF_SL_10-694_Official
Valerie	Herring	vherring@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 S. Eighth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_10-694_Official
Beverly	Heydinger	beverly.heydinger@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	Yes	OFF_SL_10-694_Official
Shirley	Heyer	shirleymidtownphilips@msn.com	Midtown Phillips Neighborhood Association, Inc.	2426 13th Ave. S. Minneapolis, MN 55404	Electronic Service	No	OFF_SL_10-694_Official
Alan	Jenkins	aj@jenkinsattlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	OFF_SL_10-694_Official
Mara	Koeller	mara.n.koeller@xcelenergy.com	Xcel Energy	414 Nicollet Mall 5th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_10-694_Official
Karen	Kromar	karen.kromar@state.mn.us	MN Pollution Control Agency	520 Lafayette Rd Saint Paul, MN 55155	Electronic Service	No	OFF_SL_10-694_Official
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_10-694_Official
Robert S	Lee	RSL@MCMLAW.COM	Mackall Crounse & Moore Law Offices	1400 AT&T Tower 901 Marquette Ave Minneapolis, MN 554022859	Paper Service	No	OFF_SL_10-694_Official
Paul J.	Lehman	paul.lehman@xcelenergy.com	Xcel Energy	414 Nicollet Mall Minneapolis, MN 554011993	Paper Service	No	OFF_SL_10-694_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
John	Lindell	agorid.ecf@state.mn.us	Office of the Attorney General-RUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_10-694_Official
Paula	Maccabee	Pmaccabee@visi.com	Just Change Law Offices	1961 Selby Avenue St. Paul, MN 55104	Paper Service	No	OFF_SL_10-694_Official
Sheldon	Mains	smains@visi.com	Seward Neighborhood Group, Incorporated	2718 East 24th Street Minneapolis, MN 55406	Electronic Service	No	OFF_SL_10-694_Official
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Paper Service	No	OFF_SL_10-694_Official
David W.	Niles		Avant Energy Services	Suite 300 200 South Sixth Street Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-694_Official
Carol	Overland	overland@legalelectric.org	Legalelectric, Inc.	P.O. Box 176 Red Wing, MN 55066	Paper Service	No	OFF_SL_10-694_Official
Carol	Pass	cpass@unbox.com	East Phillips Improvement Coalition	2536 18th Avenue South Minneapolis, Minnesota 55404	Electronic Service	No	OFF_SL_10-694_Official
Bob	Patton	bob.patton@state.mn.us	MN Department of Agriculture	625 Robert St N Saint Paul, MN 55155-2538	Electronic Service	No	OFF_SL_10-694_Official
Jennie	Ross	jennie.ross@state.mn.us		395 John Ireland Blvd MS 620 Saint Paul, MN 55155	Electronic Service	No	OFF_SL_10-694_Official
Howard	Roston	har@mgmlp.com	Malikerson Gunn Martin LLP	220 South Sixth Street Suite 1900 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_10-694_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Charles	Salter	chuck.salter@co.hennepin.mn.us	Hennepin County Attorneys Office	A-2000 Government Center 300 South Sixth Street Minneapolis, Minnesota 55487	Electronic Service	No	OFF_SL_10-694_Official
Gregory	Sautter	gregory.sautter@ci.minneapolis.mn.us	City of Minneapolis	333 South 7th Street, Suite 210 Minneapolis, MN 55403	Electronic Service	No	OFF_SL_10-694_Official
Richard	Saveikoul	rsaveikoul@felhaber.com	Felhaber, Larson, Fenlon & Vogt, P.A.	444 Cedar St Ste 2100 St. Paul, MN 55101-2136	Paper Service	No	OFF_SL_10-694_Official
Elizabeth H.	Schmiesing	eschmiesing@faegre.com	Faegre & Benson LLP	2200 Wells Fargo Center 90 S. Seventh Street Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-694_Official
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Bloomington, MN 55431	Electronic Service Frwy	Yes	OFF_SL_10-694_Official
Tim	Springer	tim@midtowngreenway.org	Midtown Greenway Coalition	2834 10th Avenue S. Greenway Level, Suite 2 Minneapolis, MN 55407	Electronic Service	No	OFF_SL_10-694_Official
Byron E.	Starns	byron.starns@leonard.com	Leonard Street and Deinaid	150 South 5th Street Suite 2300 Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-694_Official
William	Storm	bill.storm@state.mn.us	Department of Commerce	Room 500 85 7th Place East St. Paul, MN 551012198	Electronic Service	Yes	OFF_SL_10-694_Official
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Paper Service	No	OFF_SL_10-694_Official
SaGonna	Thompson	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_10-694_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jennifer	Thullen Smith	jennifer.thullensmith@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, 5th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_10-694_Official
Lisa	Velth		City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Paper Service	No	OFF_SL_10-694_Official
Rhyddid	Watkins	rwatkins@faegre.com	Faegre & Benson	2200 Wells Fargo Center 90 South 7th Street Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_10-694_Official