CapX2020

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July 2007

Notice of Certificate of Need proceeding for new high voltage electric power transmission line between Fargo, ND and Monticello, MN that may be located in the following Minnesota counties: Benton, Clay, Douglas, Grant, Otter Tail, Pope, Sherburne, Stearns, Stevens, Todd, Traverse, Wilkin, Wright

Dear Landowner or Resident:

My name is Darrin Lahr. I coordinate transmission line permitting projects for Xcel Energy. I am writing to inform you of our proposals to build new transmission lines that may be located in your area. I would also like to introduce the regulatory process that will be conducted by the Minnesota Public Utilities Commission (MPUC) to determine if our proposals are needed and, if so, where the lines should be located.

Several utilities that own or operate parts of the electric transmission system serving Minnesota and surrounding states propose to build major new electric transmission lines, together about 650 miles long. Xcel Energy and Great River Energy are taking the lead to obtain permits. We have organized our proposals into the three projects described below and illustrated on the enclosed maps.

1. A 345 kV transmission line project between Fargo, North Dakota and Monticello, Minnesota. Alternatively, the line could be terminated at Benton County Substation, located just east of St. Cloud instead of Monticello. We also propose to connect the line to the existing electrical system at Alexandria and on the west side of St. Cloud. The length of this project is approximately 250 miles.

2. A 345 kV transmission line project between the southeastern corner of the Twin Cities near Hampton, a new substation just north of Rochester, and on to La Crosse, Wisconsin. The length of this project is approximately 150 miles long. The proposal also includes building two 161 kV transmission lines, together about 20 miles long, in the Rochester area.

3. A 345 kV transmission line project between Brookings, South Dakota and the southeast corner of the Twin Cities near Hampton. The length of this

project's components is approximately 230 miles and includes a related 345 kV transmission line between Marshall and Granite Falls. A short segment of the line to Granite Falls would be 230 kV.

The three transmission line projects are the result of a long-range planning study done by several utilities over the last few years. The joint planning effort has become known as CapX 2020. Participants in the CapX2020 effort have posted their studies on the web at www.capx2020.com. Minnesota utilities also post biennial transmission plans at www.minnelectrans.com. If you would like a paper copy of these reports, please let me know. A list of CapX 2020 sponsoring utilities with contact information is enclosed. The list also notes the lead contact for each of the three proposed transmission line projects.

Typically, 345-kV power lines are built using steel double-pole or single-pole structures, 120 to 150 feet tall, spaced about 600 to 1000 feet apart, on a 150-foot wide right-of-way. If state regulators authorize the lines, the utilities will work with landowners to purchase a property right, called an easement, in order to build the transmission lines. If agreement on terms for an easement cannot be reached, the utilities can then submit the dispute to the eminent domain process.

I would like to emphasize that we are providing you with this notice at a very early stage in the permitting process. We want to provide those who may be affected every opportunity to participate in meetings and hearings to come. We have not begun work to determine the location of our proposed lines. Rather than wait for that work, we are informing landowners and residents within a broad corridor or study area. In the end, many of you will not be directly affected, but at this early stage, all potentially effected parties within the shaded corridors on the enclosed maps are being notified. We hope you will take the time to participate in the regulatory processes that will examine the need and routing of our proposals. Please don't count on others to represent your interests.

Two required Minnesota Public Utilities Commission proceedings must take place before our proposed transmission lines can be constructed. The first proceeding is to determine whether the facilities are needed. The second will be conducted to determine where the facilities should be built. These transmission lines cannot be constructed unless the Commission determines they are needed and issues both a Certificate of Need and Route Permits.

We plan to file an Application for a Certificate of Need for these projects in the summer of 2007. As part of the Certificate of Need process, the Department of Commerce will solicit public comment and prepare an Environmental Report.

Additional environmental review will take place during the routing process. The routing process will consider environmental, land use, and potential routing impacts. Federal agencies will also prepare environmental review documents as required by the National Environmental Policy Act.

Both the Need and Routing processes emphasize public participation. There will be public meetings and hearings in your area over the coming couple of years, so that you can participate in these important energy infrastructure decisions. Notice of public hearings and meetings will be posted in local newspapers. Please keep in mind that "Need" issues are to be raised only during the Certificate of Need proceedings. Issues concerning routing of the transmission lines are to be raised only during Route Permit proceedings.

Minnesota Statutes, §216B.243, and Minnesota Rules, Chapters 4410, 7829, and 7849 govern requests for Certificates of Need for high voltage transmission lines. Minnesota Statutes, §216E and Minnesota Rules, Chapter 4400, govern requests for Route Permits. On February 5, 2007, Applicants filed with the Commission a request for exemption from certain Certificate of Need filing requirements; Applicants will include a copy of the Commission's order responding to the exception request in the Certificate of need application.

We have posted regulatory filings that have been made so far at our web site, www.capx2020.com. We will post our applications there, too, as well as updates and meeting notices. Our applications will also be available at area libraries and upon request. We will provide updates to those that sign up on our mailing list at the web site. If you prefer, sign up by contacting me in any of the ways listed below.

You can also add your name to official state agency mailing lists and learn more about the permitting process by contacting the following state agency people. There will be separate mailing lists for the Need process and for the Routing process so please indicate on which list(s) you want your name placed. The Public Utilities Commission will reference the Certificate of Need proceeding for this project as Docket No. ET-2, E002, *et al.*/CN-06-1115 *In the Matter of the Application of Great River Energy, Northern States Power Company (d/b/a Xcel Energy) and Others for a Certificate of Need for the CapX 2020 345-kV Transmission Projects.*

Notice will again be provided to potentially affected landowners when Route Permit Applications are filed, late this year or in 2008.

Certificate of Need Process
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Please feel free to also contact us with your questions.

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We look forward to working with you in the months to come.

Sincerely,

Darrin Lahr
Supervisor, Siting and Permitting
Xcel Energy

Enclosures

All contents printed on recycled paper.