



New Transmission Lines Proposed in Lincoln County, Minnesota and Brookings County, South Dakota

The Western Area Power Administration (Western), a power-marketing agency of the U.S. Department of Energy, wants to hear from you about the proposed Xcel Energy Project transmission line. Northern States Power Company d/b/a Xcel Energy (Xcel Energy) proposes to construct a new 115-kV transmission line and associated structures and electrical equipment to connect the Buffalo Ridge Substation in Lincoln County, Minnesota with Western's White Substation in Brookings County, South Dakota. The total distance of the transmission line would be approximately 28 miles.

The proposed project consists of seven components.

1. Constructing a 28-mile transmission line between Xcel Energy's Buffalo Ridge Substation southeast of Lake Benton, Minnesota and Western's White Substation in Brookings County, South Dakota. The route would follow existing roads and property lines for the majority of its length.
2. Rerouting approximately 0.2 miles of the existing Lake Yankton-Pipestone 115-kV Transmission Line to join with the Buffalo Ridge-White 115-kV Transmission Line and then double circuiting the two transmission lines for 1.7 miles to intersect with the existing Lake Yankton Transmission Line. This would allow Xcel to remove approximately 1.4 miles of the Lake Yankton-Pipestone 115-kV Transmission Line from the Hole-in-the-Mountain Wildlife Management Area and the Nature Conservancy's Hole-in-the-Mountain Prairie.
3. Improving Xcel Energy's Buffalo Ridge Substation to accommodate the new 115-kV transmission line.
4. Constructing a new Yankee Substation located approximately midway along the 115 kV transmission line. Five sites are currently under consideration for the new substation.
5. Constructing a new Xcel Energy substation adjacent to Western's White Substation. This substation would include a 115/345-kV transformer.
6. Constructing approximately 2,000 feet of 345-kV transmission line to connect the new Xcel Energy Substation with Western's White Substation.
7. Improving Western's White Substation to accommodate the proposed interconnection at 345-kV.

The Minnesota Public Utilities Commission has directed Xcel Energy to purchase up to 825 megawatts of wind generated electrical power from the Buffalo Ridge region in southwestern Minnesota. The transmission system in this area currently has the capability of transmitting 260 megawatts of power. More transmission capacity is needed to provide an outlet for the 825 megawatts of wind-generated power and to enhance the reliability of the regional transmission system.

Xcel Energy has proposed four new high voltage transmission lines, including the Buffalo Ridge - White 115-kV Transmission Line, in southwestern Minnesota to allow for the increased wind generation capacity in the region. The Minnesota Public Utilities Commission granted a Certificate of Need for the following transmission lines, stating that they would support the further development of wind generation in the area and would enhance system reliability.

- A new 161-kV transmission line connecting Lakefield Junction to Fox Lake
- A new 345-kV transmission line connecting Lakefield Junction to Split Rock in South Dakota



- A new 161-kV transmission line connecting a new Nobles County Substation, located on the Lakefield Junction – Split Rock 345 kV line, with a new Fenton Substation and the existing Chanarambie Substation on Buffalo Ridge
- A new 115-kV transmission line connecting the Buffalo Ridge Substation in Lincoln County, Minnesota with the White Substation in Brookings County, South Dakota

Only the Buffalo Ridge-White 115-kV Transmission Line Project will be addressed by Western. The other transmission lines have been or will be addressed in other projects.

Xcel Energy plans to collect the wind generated power from the Buffalo Ridge region at the Buffalo Ridge Substation and deliver this power into the Western transmission system at the White Substation in order to sell the electric energy to any buyer willing to make a purchase. Xcel Energy anticipates that it will fund the entire cost of constructing the proposed transmission project, if approved. The company will construct, own, operate, and maintain the proposed 115-kV transmission line, the improvements at the Buffalo Ridge and White Substations, the new Yankee Substation, and a new substation adjacent to the White Substation. Details on the transmission line project proposal can be found at <http://www.eqb.state.mn.us/Docket.html?Id=7768>.

Where can I get more information?

Feel free to contact Western or Xcel Energy personnel familiar with the project (see Key Contact Information below).

Key Contact Information

At Western contact:

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Why is Western involved in the Xcel Energy Transmission Line Project?

Western is a Federal power marketing agency under the U. S. Department of Energy that operates and maintains about 17,000 miles of high-voltage transmission lines and associated facilities in the West, including the White Substation. Our mission is to market power from Federal hydroelectric plants operated by the U.S. Bureau of Reclamation and U.S. Army Corps of Engineers, such as those at Oahe and Gavin Point dams. Federal law requires us to provide eligible organizations open access to transmission services so that they can move power to load areas. We provide these services through an interconnection if there is available capacity on the Federal transmission system. Any entity requesting transmission services must abide by our Open Access Transmission Service Tariff and our General Requirements for Interconnection. (More information about these requirements is available on our web site at <http://www.wapa.gov/interconn/intabout.htm>.) Requests for interconnection of the proposed transmission lines at the White Substation have been filed with Western. Western proposes to make modifications at its White Substation to accommodate the interconnection of the proposed transmission line. Because the proposed Xcel Energy transmission line project would interconnect to Western's power system, the interconnection request triggers a Federal National Environmental Policy Act (NEPA) review process in addition to each State's permitting processes.



Western needs your help to consider environmental impacts

Before Western can agree to the interconnection and construction of the proposed project, we must consider the project's potential environmental impacts in a NEPA process. One of the first steps in the NEPA process is to ask the public to help identify the scope of, and alternatives to, the proposed action. Western will review the results of the Minnesota Environmental Quality Board's (EQB) siting process and its environmental assessment (EA) to help define scope for the NEPA process for the proposed project. Also, Western is asking you to identify any issues of concern about potential environmental impacts. Western wants the public to comment on the proposal, offer suggestions to improve the proposal, and even suggest alternative actions. You can provide input into this process by e-mailing, delivering, or sending by mail or fax your comments by March 11, 2005, to the Western contact above (Dirk Shulund), or by mailing the enclosed addressed response sheet. This newsletter also serves as Western's notification of plans to prepare an EA. The EA will provide Western with a framework to analyze and judge the magnitude of environmental impacts. If Western finds that there are no significant environmental impacts, we can issue a "finding of no significant impact" and move forward with the project. If the EA process identifies likely unmitigated significant impacts, an environmental impact statement process will be initiated to take a more detailed look at the impacts and alternative approaches to the project. If you would like to receive a copy of the Draft EA for Pre-Approval Review, please contact Western by April 22, 2005. Western also will be the lead agency for compliance with the National Historic Preservation and Endangered Species acts.

Preliminary list of issues

The following issues and concerns have been identified. The list will be finalized during Western's EA process and used to prepare the Draft EA for Pre-Approval Review.

- Project impact on wetlands and floodplains
- Project impact on Minnesota Department of Natural Resources (DNR) Hole-in-the-Mountain Wildlife Management Area and The Nature Conservancy (TNC) Hole-in-the-Mountain Prairie area
- Project impact on project areas that contain native animal and plant species
- Project impact on Traditional Cultural Properties (TCP) important to Native Americans
- Project impact on prehistoric and historic cultural resources
- Stakeholder concerns about the aesthetic impact of new transmission lines

Western, the Minnesota Environmental Quality Board, and the South Dakota Public Utilities Commission are working together

For the proposed Xcel Energy Transmission Line Project, our NEPA process will build upon the Minnesota Environmental Quality Board's High Voltage Transmission Line (HVTL) Route and Power Plant Site Alternate Permitting Process and input from the South Dakota Public Utilities Commission to streamline our environmental review process. The EQB is responsible for reviewing the environmental impacts of the project in accordance with Minnesota statutes and ensuring that the project complies with all applicable standards. The South Dakota PUC has siting jurisdiction over all electric companies according to the provisions of the Energy Facility Permit Act, SDCL 49-41B. In addition to permits from the MN EQB and SD PUC, the project may also require other state and local permits.

Xcel Energy will hold an open house in South Dakota on February 23, 2005, between 4 and 7 p.m. at the McKnight Community Center, 300 West Main, White, South Dakota, to introduce the proposed facilities to the public and to gather input from landowners interested in the proposed



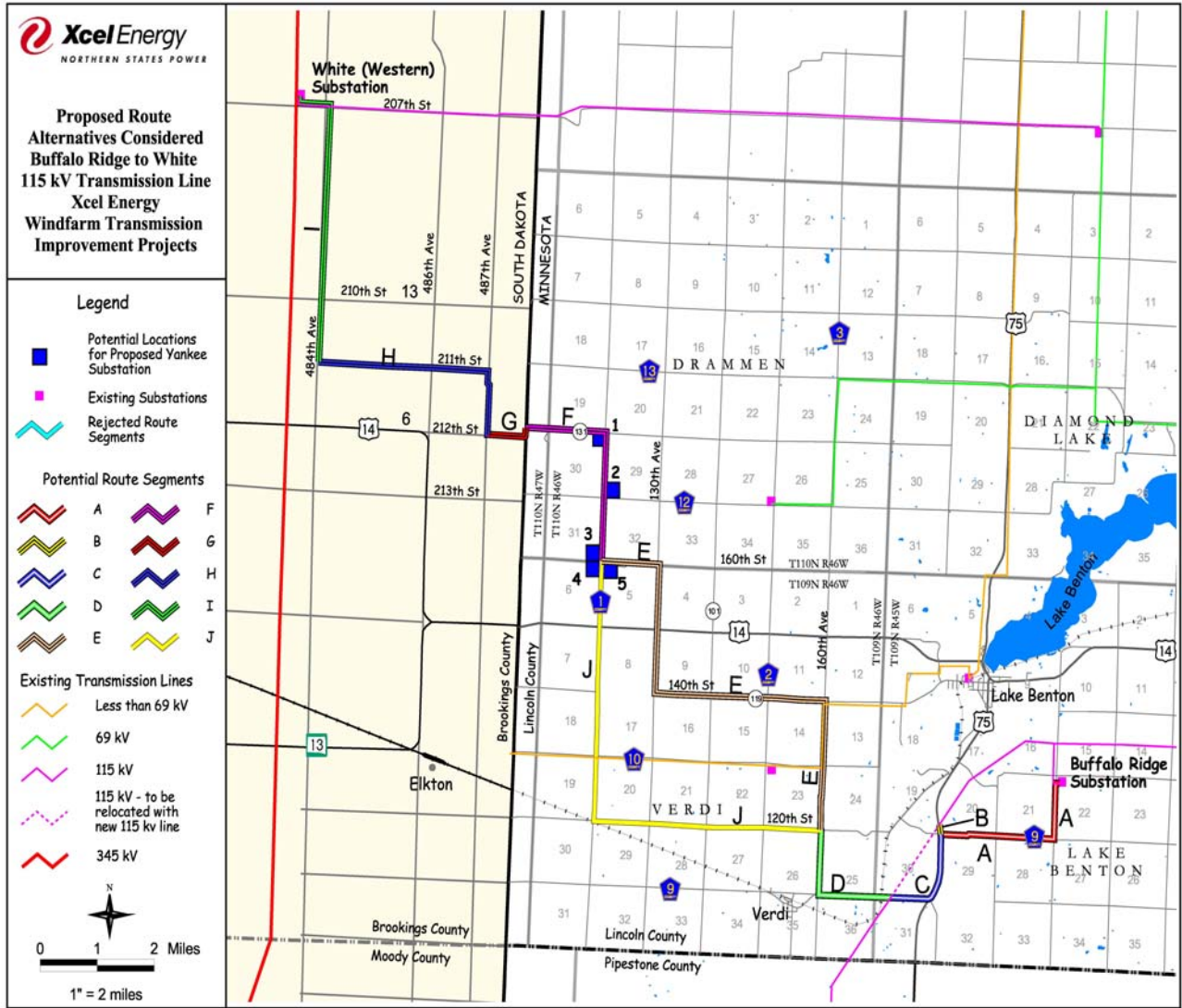
improvements at the White Substation and the South Dakota portion of the transmission line. Issues that can be addressed include the proposed routes, substation locations, rights-of-way and transmission line design.

Western representatives will attend this meeting and use any input to help define the scope of its environmental review.

The Minnesota EQB issued its EA on January 18 and held a public hearing on the EA on February 3, 2005, at the Midwest Center for Wind Energy, 2390 Lincoln County Highway 1, Hendricks, Minnesota. Western will use the results of the EQB hearing and additional input provided in response to this notification to define the scope of its environmental review. Currently, Western intends to adopt and append the EQB EA to meet its NEPA requirements. Once appended, Western will provide its EA for a 21-day Pre-Approval review. We are asking that you respond to this notification if you want to provide input on the scope of Western's EA and/or review the Pre-Approval version of Western EA.

What's the project schedule?

- January 18, 2005 - Minnesota Environmental Quality Board Staff Environmental Assessment (EA) released
- February 2005 – Western EA Scoping Notification sent to stakeholders; comments solicited
- February 3, 2005 - Minnesota EQB hearing to assess the EA
- February 23, 2005 – Xcel Energy Open House for South Dakota residents affected by this project
- March 11, 2005 – Western EA Scoping period closes
- March 2005 – Xcel Energy submits permit application to the South Dakota Public Utilities Commission to build the transmission line and interconnection at the White Substation
- May 2005 – Western distributes Draft EA for Pre-Approval Review and solicits comments
- May 2005 – EQB decision on Minnesota portion of route
- June 2005 -- Close of Western Draft EA Public Comment Period
- Summer 2005 --South Dakota holds hearing on project (?)
- September 2005 -- South Dakota issues route decision
- November 2005 – Western issues determination on whether or not to prepare an environmental impact statement for the interconnection request. If no EIS is required, Western issues a “finding of no significant impact” and the utilities move forward with the project.



Map of the Buffalo Ridge-White Project area