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December 4, 2012

Ms. Paige Olson
Ecological Services
South Dakota State Historical Society
900 Governors Drive
Pierre, South Dakota 57501

Subject: Big Stone South to Brookings County Project (Project)
Grant, Deuel, and Brookings Counties, South Dakota

Dear Ms. Olson:

Thank you for meeting with us on November 8, 2012. The information contained herein reiterates our discussion, including the approach agreed upon as it relates to the assessment and/or mitigation of cultural resources.

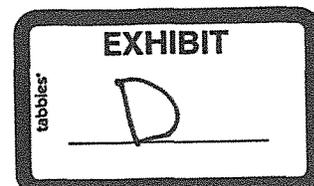
Background and Introduction

Otter Tail Power Company is seeking the recertification of portions of the permit granted in South Dakota Public Utilities Commission Docket EL06-002 (*In the Matter of the Application by Otter Tail Power Company on behalf of Seven Regional Utilities for a Certification Permit to Construct 5.43 miles of 230 kV Transmission line, 33 Miles of 345 kV Transmission Line, the Big Stone 345 kV Substation and Modification of the Big Stone 230 kV Substation; January 16, 2007 Decision and Order Approving Stipulation and Granting Permit to Construct Transmission Facilities*).

South Dakota Codified Law § 49-41B-27 requires that if construction has not commenced within four years after a permit has been issued, the utility must certify to the Commission that the facility continues to meet the conditions upon which the permit was granted. More than four years have passed since the permit was granted in this docket so recertification of the permit is being sought.

The original permit in this docket provided for the construction of several transmission and substation project components which provided multiple system benefits, including increased system capacity, greater reliability and system flexibility. These project components were complimentary to, but separate from the construction of the then proposed Big Stone II generating plant. In 2007 the Big Stone II generation plant was canceled however, the need for transmission service in the region remains and that need is independent of any one generation facility.

On December 7, 2011 the Midwest Independent System Operator (MISO) approved a plan to seek the construction of 17 transmission projects across the Midwest designed to provide system



benefits that include increased system capacity, greater reliability and more flexibility. One of the approved projects is a 70 mile line from Brookings County to Big Stone. On February 23, 2012, Xcel Energy and Otter Tail Power gave notice to the Commission that they intended to jointly construct and operate the line. Of the 70 miles of transmission comprising what is now identified as the Big Stone South to Brookings County Project (Project), 33 miles of suitable facilities have already been approved in the 2007 Big Stone II Commission Order (Docket EL06-002).

The original Big Stone II Project included multiple transmission lines in South Dakota and Minnesota. The new Big Stone South to Brookings County Project includes approximately 33 miles of the originally permitted transmission facilities including, a 230 kV transmission line from the existing Big Stone Substation to the proposed Big Stone South Substation, the Big Stone South 345 kV Substation, and a 345 kV transmission line from the proposed Big Stone south Substation to the existing Brookings County Substation.

In conjunction with seeking recertification of the 33-mile segment of the Project, and also as it relates to routing and certifying the additional 37-miles, affected agencies are being re-engaged. As identified above, the Project was previously identified as a subset component of the Big Stone II Project. A Programmatic Agreement (PA) and Environmental Impact Statement (EIS) were developed for that project. Both documents outlined various mitigation measures or protocols. Due to the revisions in the project and in consultation with Western, it has been determined that the original federal nexus that created the EIS and PA no longer exists and no new federal nexus will exist with the proposed Project. While there is no federal nexus with the current proposed Project, Xcel Energy and Otter Tail Power remain committed to implementing the mitigation measures identified within the EIS and the PA as it relates to cultural resources for the transmission facilities.

The information below provides direct excerpts from the 2007 EIS and the 2008 PA. Text outlined (in green) represents those measures that are relevant to the transmission facilities and that Xcel Energy and Otter Tail Power remain committed to implement. Where text is stricken (in red), this language no longer applies. While the 2008 Programmatic Agreement also addresses standards to be complied with, methods of determining eligibility, review and consultation, discoveries and unanticipated effects, discovery of human remains, undertaking modifications and initiating construction activities, the information below focuses on those measures associated with identifying and mitigating the potential for impact to cultural resources. Those items not specifically addressed below would still be implemented, to the extent applicable or appropriate, through coordination with the State Historic Society. As discussed in our meeting we will reach out to the tribal entities in the project area for their information.

As Excerpted from the 2007 EIS List of Standard Mitigation Measures

No.	Standard Mitigation Measure	Power Plant	Groundwater	Transmission	Substation Modifications
Cultural Resources					
Cult-1	A Class III Cultural Survey would be performed for the areas of potential effect in accordance with the Programmatic Agreement developed for the proposed Project. Surveys would be coordinated with the appropriate landowner or land management agency. At least one Federal agency, Western would make a determination of eligibility for any findings of cultural or historical properties. These findings would be reviewed with the State Historic Preservation Offices and other appropriate agencies. Specific mitigation measures necessary for each site or resource would be determined, and may include relocation of access roads, structures, and other disturbed areas to avoid cultural sites that should not be disturbed, or data recovery if a site cannot be avoided.	X	X	X	X
Cult-2	Provisions of the Programmatic Agreement would be adhered to by all parties, including: <ul style="list-style-type: none"> - Construction crews would be informed of the need to cease work in the location if cultural resource items are discovered. - Construction activities would be monitored or sites flagged to prevent inadvertent destruction of any cultural resource for which the agreed mitigation was avoidance. - Construction crews would be monitored to the extent possible to prevent vandalism or unauthorized removal or disturbance of cultural artifacts or materials from sites where the agreed mitigation was avoidance. - Should any cultural resources not identified during the Class III Cultural Survey be encountered during construction, ground disturbance activities at that location would be suspended until the provisions of the National Historic Preservation Act and enabling legislation have been carried out. 	X	X	X	X

As Excerpted from the 2008 Programmatic Agreement

Areas of Potential Effect

II. AREAS OF POTENTIAL EFFECTS

A. The Area's of Potential Effect (APE) for the Undertaking are defined as follows:

1. Power Plant Facility: The APE for construction of the new power plant shall include the footprint of the new parcel and plant and all adjacent facilities and new utility lines, plus a buffer extending 200 feet outward in all directions from the perimeter of the footprint. Phase II Survey (Intensive survey-see Section IV.B.) will be conducted within the entire footprint and buffer area. The visual effect will be assessed for a one mile radius from the proposed Big Stone II plant site.
2. The APE for the ground water production wells shall be a 200-foot radius from each well location. The APE for the groundwater supply lines shall be a 65-foot wide corridor centered on the water pipeline line centerline.
3. Transmission Lines: The new and existing transmission line APE shall be a 200-foot-wide corridor centered on the transmission line centerline, except at turning points where there would be a 300-foot-wide arc. Phase II Survey will be conducted for the full length of the transmission line corridors at the 200-foot from centerline width. Visual effects from transmission lines will be assessed at a distance of one-quarter mile either side of the centerline.
4. Existing Substations: The APE for expansions to existing substations into areas not previously surveyed shall include the footprint of the new expansion and all adjacent utilities and new utility lines. If the modifications include an expansion of the fenced area of a substation, the APE shall include a buffer extending 200 feet outward in all directions from the perimeter of the expansion area of each substation. A Phase II survey will be conducted of the entire footprint and buffer area. Visual effects will be assessed at a distance of one-quarter mile from the expansion footprint.
5. New Access Roads: The new access roads APE shall be a 100-foot-wide corridor centered on the new access road centerline. Phase II survey will be conducted of the entire 100-foot width and full length of any new access roads.
6. Staging/Laydown Areas: The staging/laydown areas APE shall be the footprint of each area and all adjacent facilities, plus a buffer extending 200 feet outward in all directions from the perimeter of each footprint. A Phase II survey of the entire footprint and buffer will be conducted for all laydown areas.

7. Borrow Areas: All existing and new borrow areas will have an APE with a 200 foot buffer. Borrow areas would include areas where soils are moved from one location within the proposed Project area to another location of the proposed Project area and any material that can be used for fill from off-site sources. A Phase II survey will be conducted of the entire area targeted for borrowing and the 200-foot-wide buffer. Placement of excavated burrow material shall be within previously surveyed areas and avoid all historic properties.

Standards

III. STANDARDS

A. Professional Qualifications:

1. All actions ~~prescribed by this Agreement~~ that involve the identification, evaluation, analysis, recordation, treatment, monitoring, mitigation, and disposition of historic properties and that involve the reporting and documentation of such actions in the form of reports, forms or other records, shall be carried out by or under the direct supervision of a person or persons meeting at a minimum, the Secretary of the Interior's Professional Qualifications Standards [PQS] for archaeology, history, or architectural history, as appropriate (48 FR 44739).

These actions will also be carried out in accordance with the applicable standards, guidelines and forms for historic preservation activities established by the South Dakota State Historic Preservation Office.

Identification

1. A records, literature, and state site file study of archaeological, architectural, and other cultural resources within the proposed Project study area (which includes the APE) will be performed ~~prior to completion of the Draft EIS and~~ prior to the start of any Phase III survey work. If Federal lands are involved, Federal databases/records should also be reviewed. This records review will include the full transmission line corridors ~~identified for the NEPA analysis for each transmission line.~~ The inventory for architectural resources will include a windshield survey to examine the potential for properties within the APE that are at or over a 45 year threshold.

2. Western will consult with the signatories to identify previously recorded cultural resources within the APE. Data sources will include, but will not be limited to, the Archaeological Resources Management System (ARMS) and Cultural Resources Geographic Research Information Display (CRGRID) databases (provided by the State of South Dakota), General Land Office (GLO) Maps and Field Notes, and files and maps at the South Dakota Historical Society Archaeological Research Center and the Minnesota State Historic Preservation Office.

3. The records and literature study area will include lands within the APEs for project components ~~identified in Stipulation II as well as for each project alternative addressed in the NEPA document.~~

4. Western will consult with the signatories to identify traditional cultural properties (TCPs) and sites, areas or landscapes of historic or cultural value to Native Americans.

5. Otter Tail Power Company and Western shall consult and coordinate with tribes to plan and conduct any TCP studies for the project. Personnel working on any studies shall meet the requirements of Stipulation III.a.4 of the agreement.

B. Phase III Intensive Surveys (Class III Survey, as defined in BLM Manual 8100 Guidance):

1. ~~Western will oversee an intensive Phase III cultural resource survey of archaeological, architectural and other cultural resources of the undertaking following issuance of the NEPA decision document. The Phase III inventory will include a level of investigation appropriate to the APE for the preferred alternative project components, including surface reconnaissance and/or subsurface testing as dictated by the given field conditions as agreed upon with the South Dakota, Minnesota SHPOs, and the Tribes. Whenever possible, recommendations of National Register eligibility will be forwarded for sites recorded. In the case of large, complex sites, sites with deeply buried components or in cases where avoidance is possible, National Register eligibility may be left as undetermined. Sites that cannot be avoided by the proposed Project and which have undetermined National Register eligibility will be tested using a testing plan approved by all signatories of this document. In addition, assuming that Otter Tail Power Company has rights of entry for a property before the issuance of the NEPA decision~~

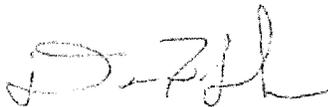
2. In order to assess visual effects, a windshield survey of the built environment and cultural landscapes will be performed within one mile of the centerline of each ~~transmission line alternative and within one mile of the Big Stone II Plant.~~ An effort will be made to record the built environment which is 45 years or older at a level adequate to determine project effects to the extent practical. This will include recordation on the appropriate state inventory forms when possible and using methods acceptable to the state in which the sites are found.
3. The study areas for the Phase III survey will include lands within the APEs for project components, as identified in Stipulation II, for the Undertaking.

Historic Properties Treatment Plan

- B. The HPTP will identify all historic properties recorded as a result of the inventories and provide a detailed description of potential effects to each (see Stipulation VI). The HPTP will identify specific treatment strategies proposed to address project effects at each location. Avoidance will be the preferred mitigation measure. Avoidance could include redesign for the undertaking or relocation of specific components of the undertaking.
- C. For adverse effects, the HPTP will provide specific treatment measures that could include but will not be limited to mitigation or other documentation. The HPTP will reflect the guidance provided by the Advisory Council in Treatment of Archaeological Properties (1980), other standards of the Secretary of the Interior, National Park Service bulletins, and other appropriate published Federal guidelines.

Otter Tail Power and Xcel Energy respectfully request your concurrence with the approach as discussed in our November 8, 2012 meeting and further identified above, to be provided via letter correspondence. Thank you in advance for your time and consideration. If you have any questions or require additional information about this Project, please contact me at (763) 493-1808 or darrin.f.lahr@xcelenergy.com.

Sincerely,



Darrin Lahr
Xcel Energy

cc: Doni Murphy, Andrew Bielakowski, Mark Doperalski - ERM



December 4, 2012

Mr. Darrin Lahr
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401

Project: New Construction 70 Miles of Transmission Line - Big Stone South to Brookings
County Project
Location: Multiple Counties

Dear Mr. Lahr:

Thank you for the opportunity to comment on the above referenced project. The South Dakota Office of the State Historic Preservation Officer (SHPO) concurs with Xcel Energy and Otter Tail Power Company's approach to the treatment of cultural resources.

We appreciate Xcel Energy and Otter Tail Power Company following the current project related stipulations as outlined in the programmatic agreement signed by my office on December 7, 2006, for the construction of the proposed Big Stone II Power Plant and Transmission Lines Project. The specific stipulations to be followed include those outlined in your letter dated December 4, 2012.

We look forward to working with your company in the future. Should you require any additional information, please contact Paige Olson at (605) 773-6004. Your concern for the non-renewable cultural heritage of South Dakota is appreciated.

Sincerely,

Jay D. Vogt
State Historic Preservation Officer

Paige Olson
Review and Compliance Coordinator