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July 6, 2012

Mr. Scott Larson
Ecological Services
U.S. Fish and Wildlife Service
420 South Garfield Avenue, Suite 400
Pierre, South Dakota 57501-5408

Subject: Big Stone South to Brookings County Project
Grant, Deuel, and Brookings Counties, South Dakota
Support for Certification

Dear Mr. Larson:

Otter Tail Power Company (“Otter Tail”) and Northern States Power Company (dba Xcel Energy) propose to build a new approximately 70-mile 345 kV transmission line connecting a new Big Stone South Substation to the existing Brookings County Substation, referred to as the Big Stone South to Brookings County Project (Project). The Project is one of 16 projects approved by the Midwest Independent System Operator (MISO) that are designed to improve and strengthen the electrical grid in the Midwest. The Project consists of 1.5-miles of double circuit 230 kilovolt (kV) transmission line between the existing Big Stone substation and the new Big Stone South substation (located three miles southwest of Big Stone City in Grant County) as well as approximately 70 miles of 345 kV transmission line from the Big Stone South substation south to the existing Brookings County Substation in Brookings County (located northwest of the intersection of 48th Avenue and County Road 36). Attached for your ease of reference is an overview map of the proposed Project area as [Exhibit A](#).

On January 16, 2007, the South Dakota Public Utilities Commission (Commission) granted Otter Tail (among other parties) a Permit to construct a portion of the currently proposed facilities. Specifically the permit authorized the 1.5-mile 230 kV electrical transmission lines, the new Big Stone South Substation, and approximately 33 miles of 345 kV transmission line (Facility Permit Number EL06-002, the “Permit”). These three components are necessary to facilitate the completion of the MISO approved Big Stone South to Brookings County Project. They collectively comprise what is referred to as the “recertification facilities.” The location and approval of the additional facilities necessary to complete the Project will be developed through a separate Facility Permit application anticipated to be delivered to the Commission in early 2013. Routing studies, and agency and public engagement are underway to help inform the route selection. A subsequent request for review of the additional facilities will be submitted to the U.S. Fish and Wildlife Service (USFWS) in the future.

For the recertification facilities, the permittee must certify to the Commission that the conditions upon which the Permit was granted will continue to be met (S.D.C.L. 49-41B-27). As such, Otter Tail, with the support of Xcel Energy in its capacity as Project Manager, will pursue a filing with the Commission to recertify that the conditions of the Permit have not changed and the stipulations in the Permit will continue to be adhered to.

Otter Tail provided construction, environmental, archeological, economic and sociological information as part of the original application for the Permit. As part of the current recertification process, Otter Tail and Xcel Energy are providing additional environmental information to the Commission to supplement Otter Tail's original Permit application. The Project will be constructed as indicated in the application, stipulation, and permit.

As proposed, the transmission structures (transmission poles) range in height between 100 and 195 feet. The span length between transmission structures generally ranges between 700 and 1000 feet depending on site-specific considerations. The right-of-way for the proposed transmission lines will generally be 150 feet in width. Access to the transmission line right-of-way corridor is typically made directly from existing roads or temporary access routes that run parallel or perpendicular to the transmission line right-of-way.

The only substantial change to the information included in the original Permit application would be a desire to utilize single shaft steel poles rather than H-frame structures, which would reduce the area of disturbance at the base of each structure. In some cases, two-pole structures will be required for line angles greater than 15 degrees and dead-ends, as appropriate. Topographic and aerial maps illustrating the previously granted Route Permit area and Project components are enclosed with this letter as Exhibit B. The following sections are crossed by the proposed recertification facilities.

| Township | Range | Section(s) |
|-----------------|--------------|-----------------------------|
| 116N | 47W | 5, 6, 8, 16, 17, 21, 22, 27 |
| 117N | 47W | 6, 7, 18, 19, 30, 31 |
| 118N | 47W | 6, 7, 18, 19, 30, 31 |
| 119N | 47W | 6, 7, 18, 19, 30, 31 |
| 120N | 47W | 6, 7, 18, 19, 30, 31 |
| 121N | 47W | 12, 13, 24, 25, 36 |

Otter Tail and Xcel Energy seek to reengage the USFWS to reaffirm past conclusions related to potential impacts to federally listed species or their habitat. Previously, the USFWS noted one federally listed species, one candidate species, and one species of special concern within proximity to the recertification portion of the Project. Enclosed as Exhibit C is a copy of the USFWS correspondence related to the original Permit application. These species included the threatened Western prairie fringed orchid (*Platanthera praeclara*), the candidate Dakota skipper (*Hesperia dacotae*), and the Bald eagle (*Haliaeetus leucocephalus*), which is not endangered or threatened, but receives protection through the Bald and Golden Eagle Protection Act.

The Western prairie fringed orchid is typically found in native tall grass prairie with sedge/wet meadow habitats. As a result of previous USFWS consultation, it was noted that there were no recent records of the Western prairie fringed orchid in South Dakota. Since that time, the Western prairie fringed orchid is no longer listed as a threatened species in Grant or Deuel counties, per USFWS' Endangered Species Program website.

The Dakota skipper is found in high quality prairie ranging from wet-mesic tall grass prairie to dry-mesic mixed grass prairie. As part of the original application process, Graham Environmental Services, Inc. (GES) conducted an investigation of threatened, endangered, and rare species and communities within the proposed Project area in Grant and Deuel counties. No special status species were observed within one mile of the proposed Project area during the GES June 2005 survey.

Bald eagles occur throughout South Dakota. Previously, the USFWS noted the possibility of Bald eagle nesting sites near the proposed Project area. A survey was conducted of the proposed substation location and transmission line route in September 2004 by Barr Engineering. The survey identified a Bald eagle nest approximately 2.5 miles northeast of the Big Stone South Substation, near Big Stone Lake. No other nesting sites were identified along the proposed Project area.

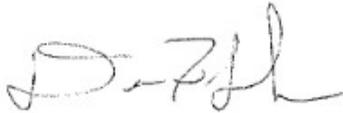
Based on a current review of the USFWS threatened and endangered species list, the endangered Topeka shiner (*Notropis topeka*) and candidate species Poweshiek skipperling (*Oarisma Poweshiek*) are also known to have the potential to occur within proximity to the recertification portion of the Project. The Topeka shiner would be associated with surface waterbodies such as the Whetstone and Yellow Bank Rivers. As proposed in the previous application, no construction will occur within the Whetstone River, or North or South Forks of the Yellow Bank River. Similar to the Dakota skipper, the Poweshiek skipperling is found in high quality prairie ranging from wet-mesic tall grass prairie to dry-mesic mixed grass prairie.

It is important to note that the permittees are not seeking any changes in the past permit conditions or stipulations. As proposed in the previous application for Permit, the Project will minimize impacts to the aquatic and terrestrial ecosystems. Wetlands and waterways will be spanned by the transmission line; however, construction may occur near wetlands and waterways. The Project will implement appropriate best management practices (BMPs) to minimize the amount of erosion and sedimentation that could potentially impact waterbodies. Temporary erosion and sediment control methods will be properly placed, monitored, and maintained adjacent to water resources. These erosion control methods will remain in place until work areas become re-vegetated or are stable. The Project will maintain sound water and soil conservation practices during construction and operation to protect topsoil and adjacent water resources and minimize soil erosion and sedimentation. Otter Tail and Xcel Energy will provide erosion control methods to be implemented to minimize runoff during construction and since the Project will likely impact more than one acre, a National Pollutant Discharge Elimination System (NPDES) permit will be acquired, as necessary. Additionally, a Storm Water Pollution Prevention Plan (SWPPP) will be implemented in compliance with the NPDES and if necessary, a Spill Prevention, Control, and

Countermeasure (SPCC) plan will be developed or updated, as applicable. As a result, no Project related impacts would be expected for any of the federally listed, candidate, or species of special concern discussed above.

Otter Tail and Xcel Energy respectfully request your reaffirmation of your previous findings and concurrence with the above determinations. Thank you in advance for your time and consideration. If you have any questions or require additional information about this Project, please contact Darrin Lahr at (763) 493-1808 or darrin.f.lahr@xcelenergy.com, or Andrew Bielakowski at (651) 846-2864 or andrew.bielakowski@erm.com.

Sincerely,



Darrin Lahr
Xcel Energy

Enclosures: Exhibit A: Overview Map of the Proposed Project
Exhibit B: Detailed Topographic and Aerial Maps illustrating Recertification area
Exhibit C: May 13, 2005 Correspondence from USFWS

cc: Andrew Bielakowski, Environmental Resources Management
Doni Murphy, Environmental Resources Management
Jennifer Smestad, Otter Tail Power Company
Dean Pawlowski, Otter Tail Power Company