

Exhibit MLA-3

DNR letters of November 30, 2009 and February 8, 2010

Michael Lewis

From: Schrenzel, Jamie (DNR) [Jamie.Schrenzel@state.mn.us]
Sent: Monday, February 08, 2010 4:27 PM
To: capx.oah@state.mn.us
Cc: Ek, Scott (COMM)
Subject: DNR Comments Brookings to Hampton Transmission Line FEIS
Attachments: DNR_Brookings-HamptonHVTL_FEIS_Comments100208.pdf; DNR_Brookings-HamptonHVTL_DEIS_Comments091130.pdf

Dear Judge Richard Luis:

Please see the attached comments regarding the Final Environmental Impact Statement for the Brookings to Hampton Transmission Line CapX Project. One enclosure is also attached. These comments will also be sent in a paper copy by mail. Thank-you for your time. Please contact me with any questions.

Sincerely,

Jamie Schrenzel
(651)259-5115
Planner Principal
Division of Ecological Resources
Department of Natural Resources

Minnesota Department of Natural Resources

500 Lafayette Road • St. Paul, MN • 55155-40



November 30, 2009

Mr. Scott Ek, Project Manager
Energy Facility Permitting
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

RE: Draft Environmental Impact Statement for the proposed 345 kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota [PUC Docket No. ET2/TL-08-1474]

Dear Mr. Ek:

The Minnesota Department of Natural Resources (DNR) has reviewed the Draft Environmental Impact Statement (DEIS) for the proposed 345 kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota. The DNR offers the following comments regarding the DEIS.

The DEIS does not currently contain the information necessary to sufficiently compare alternatives, segments, or various combinations of segments. For example, it is difficult to locate an impact matrix that quantitatively compares the Preferred and Alternative Routes and that is further broken down by segment. For the DNR and public to consider the overall impacts of the project and alternative, an impact matrix would be a helpful addition to the Final Environmental Impact Statement (FEIS). The matrix should be a summary of detailed information contained within specific sections of the document. The following topics are examples of information that would need to be contained within a section and then summarized in the comparison matrix: the number of Wildlife Management Areas (WMAs) impacted; permanent and temporary impacts to each WMA; the number of Public Water crossings, including permanent and temporary impacts; the number of trails crossed; floodplain impacts by acres; native prairie impacts, and wetland impacts.

The DNR was unable to determine the potential direct and indirect impacts to WMAs from the maps and discussion included in the DEIS. The FEIS should clarify whether impacts are for a new line or are related to an existing transmission line corridor. Information should be included about the permanent, temporary and required Right of Way (ROW) for each WMA impacted. The FEIS should present information as total numbers by segment and as total numbers for the Preferred and Alternative Routes. Further discussion regarding potential impacts to WMAs depicted on Map 7.4-22E is necessary. Please coordinate directly with the DNR concerning impacts to WMAs. The mitigation plan for impacts to WMAs needs to be developed and approved by the DNR prior to purchasing easements and applying for any license to cross permits.

Construction activities on WMAs should be limited to the winter season to reduce impacts to vegetation, wildlife, and wetlands. Additionally, conducting construction activities only during winter would limit the disturbance to recreational users during the spring, summer, and fall seasons.

Page 5-2 discusses staging and lay-down areas that would be obtained from landowners through rental agreements. The DNR recommends that no staging or lay down areas be located on WMAs or immediately adjacent to a WMA. This will decrease the direct and indirect natural resource impacts associated with the project.

Page 6-20 discusses the crossing of Bucks Lake by the Preferred Route and refers to the high value of habitat and recreational bird watching that occurs at the lake. A great blue heron colony exists near Bucks Lake. The lake is also utilized each year by substantial numbers of bald eagles, great egrets, and other waterfowl. The DNR does not support a crossing of Bucks Lake due to the high concentration of species using the area for resting, roosting, feeding, and nesting. However, if the selected route crosses in this general area, the alternative that parallels Route 169 south of Bucks Lake should be used. This alternative segment would provide a substantial amount of avoidance and minimization of impacts to natural and recreational resources in the project area.

Page 6-21 discusses the use of H-frame structures for floodplain areas in order to reduce the number of towers and floodplain impacts. The DNR encourages the use of the H-frame structures if they are shown to reduce impacts to streams, floodplain, wetlands, or upland habitat areas. The FEIS should place an additional emphasis on river crossings. A discussion of river crossings and what specific avoidance and minimization techniques will be used to reduce impacts should be included. Any impacts related to river crossings should be coordinated with the DNR.

Specifically, the DNR agrees with the approach presented in the DEIS to span crossings of water bodies or wetlands to avoid degradation due to increased sedimentation and soil erosion caused by construction or maintenance activities. In areas where this may not be avoided, the DNR requests to be involved in structure placement and structure-type options discussions.

Page 6-22 discusses the removal of existing trees throughout the entire 150 foot ROW, including forested wetlands, that would result in the permanent alteration from forested wetlands to shrub/scrub or emergent wetlands. The FEIS should list the acres of converted forested wetlands by location and alternative. The DNR strongly supports mitigation for the conversion of forested wetlands to non-forested wetlands during the wetland permitting process. The DNR also encourages the applicant to consider managing the ROW to benefit wildlife and to take preventative measures to avoid or minimize invasive plant species from establishing in the disturbed corridors. Preventative measures supported by the DNR should benefit both wildlife utilizing those areas and encourage native plant establishment. An example of beneficial ROW management would be spraying herbicides to control invasive species in areas where sensitive bird or insect species are not present.

Please note that it may be difficult to obtain ROW access across WMAs or other state properties that have federal interests. Any property that was purchased in part with federal funds would need to obtain separate approval with the federal agency that provided funding.

Page 6-25 discusses the use of bird flight diverters as a method to reduce potential avian fatalities. The DNR supports the use of bird flight diverters in areas with a high potential for collision, such as river crossings or in the vicinity of waterfowl production areas, WMAs, recreational areas, or wetland complexes. However, where possible, avoidance of these highly utilized areas is first encouraged.

Segment 6 Alternate Route (Map 7.6-19) depicts the route to pass across Chub Lake and along the southern boundary of Chub Lake WMA. The wetlands along Chub Creek are part of a Central Region Regionally Significant Ecological Area and are part of the Chub Creek Marsh wetland complex. This area is utilized by waterfowl and migratory bird species and has been categorized as an area of High Biodiversity Significance. The DNR has concerns regarding the construction of a transmission line through this area.

Segment 6 Alternate Route (Map 7.6-15) depicts the route parallel to Scott County Highway 46. A tributary to the Vermillion River parallels this road on the west side. The DNR recommends that any final route within this

corridor be located on the east side of County 46, or include sufficient setback from this stream to ensure that the transmission line does not occupy an extended length of riparian area.

Sheet LC10 depicts the transmission line paralleling the road adjacent to Leuscher-Barnum WMA. The DNR recommends considering routing the line around the top of the north section of the wetland, shown on the north side of the road, as a mechanism to reduce wetland impacts and potential avian fatalities.

Appendix D states that a blank cell indicates that a particular rare feature is not within 1 mile of the centerline. This should be reworded: a blank cell indicates that there are no known occurrences of the rare feature within 1 mile of the centerline.

The DNR provided project consultants with preliminary shapefiles of MCBS Sites in Lincoln and Lyon Counties. Counts of these preliminary Sites should be included in the tables in Appendix D and in the tables in Section 7.

Appendix G, Example 3 depicts a route identified in the DEIS as a United States Fish and Wildlife Service (USFWS)/DNR Route along with an Analysis of Example table showing potential impacts. The DNR would like to clarify that, in this location, the Alternative crossing with a possible north and south connector back to the Preferred Route appears to be the most protective of the Minnesota River. However, please note that the DNR has not endorsed either the Preferred or Alternative Route for this transmission line as may be incorrectly understood by identifying the route as a USFWS/DNR route.

A state-listed threatened plant has been documented in T112N R19W Section 18 along the preferred route in the Lake Marion Sub to Hampton Sub section. A botanical survey will be required if construction proceeds in this area.

Please refer to the enclosed fact sheet regarding recommendations for avoiding and minimizing impacts to the Blanding's turtle (*Emydoidea blandingii*), a state-listed threatened species. The enclosed flyer should also be given to all contractors working in areas where Blanding's turtles may be encountered.

The Final EIS should explicitly state that rare species surveys will be required if any native prairie or rock outcrops will be impacted by the proposed project.

Though Species of Special Concern (SPC) plants have no legal protection, the DNR recommends that known occurrences be avoided (e.g., by spanning) where they intersect with the project footprint.

Substation location impacts should be addressed in further detail. The study areas for the substations are substantially larger than the approximately 40 acres required for new construction and 16 or more acres required for expansion of an existing substation site. The large study areas contain resources the DNR is concerned about. Many of those resources have been identified in the DEIS and, as indicated in the April 30, 2009 letter from the DNR (attached), should be avoided. The specific potential locations for substations within study areas would need to be identified for the DNR to provide substantial comments on potential impacts.

The Final EIS should explicitly state the potential impacts and mitigation for the following rare native plant communities, or any other rare native plant communities, that are potentially within the project footprint:

Native Prairie

Brookings County to Lyons County Substation:

Preferred Route: T112N R46W Sections 2 & 11; T112N R45W Sections 2 & 11;
T112N R44W Section 12

Alternate Route: T111N R46W Section 30 & 31; T111N R43W Section 17; T111N R42W Section 20

Lyon County Sub to MN Valley Sub:

Alternate Route: T113N R40W Section 19

Lyon County Sub to Cedar Mountain Sub:

Alternate Route: T113N R35W Section 20

Cedar Mountain Sub to Helena Sub:

Preferred Route: T112N R33W Sections 3-5; T112N R30W Section 3

Alternate Route: T113N R27W Section 2

Rock Outcrops

Lyon County Sub to MN Valley Sub:

Preferred Route: T115N R39W Sections 3, 4, & 10

Basswood Forests

Lyon County Sub to Cedar Mountain Sub:

Alternate Route: T113N R35W Sections 21 & 22

Cedar Mountain Sub to Helena Sub:

Preferred Route: T112N R27W Sections 23 & 24

In general, discussion of mitigation should be addressed in more detail. It was previously recommended that appropriate mitigation should be discussed and agreed upon prior to finalization of the EIS. Therefore, more detail should be provided in the FEIS as route and substation locations are selected and more thoroughly defined.

Thank-you for the opportunity to provide comments regarding the DEIS for the Brookings County, South Dakota to Hampton, Minnesota Transmission Line. Please contact me with any questions.

Sincerely,



Jamie Schrenzel, Planner Principal
Environmental Review Unit
Division of Ecological Resources
(651) 259-5115

Enclosures (2)

Minnesota Department of Natural Resources

500 Lafayette Road • St. Paul, MN • 55155-40



February 8, 2010

The Honorable Richard C. Luis
Office of Administrative Hearings
P.O. Box 64620, 600 North Robert Street
St. Paul, Minnesota 55164-0620

Re: Final Environmental Impact Statement for the proposed 345kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota [PUC Docket No. ET2/TL 08-1474; Office of Administrative Hearings Docket No. 7-2500-20283-2]

Dear Judge Luis:

The Minnesota Department of Natural Resources (MDNR) has reviewed the Final Environmental Impact Statement (FEIS) for the proposed 345kV Transmission Line from Brookings County, South Dakota to Hampton, Minnesota. The DNR appreciates the review of DEIS comments included in the FEIS and offers the following further comments.

Previous comments submitted by the DNR requested information on permanent and temporary impacts to resources such as Wildlife Management Areas (WMAs), Minnesota County Biological Survey (MCBS) sites of biodiversity, public water and river crossings, native prairies, wetlands, and trails. The responses provided in the FEIS included references to very general information in the DEIS such as descriptions of the value of resources and general expected impacts if an area were to be crossed. Mitigation methods are also generally listed. Distances to resources are given in a table and the number of watercourse and Public Waters Inventory watercourse crossings is given for each route. However, this does not describe expected impacts in enough detail to evaluate specific routes and segments. It is difficult for the DNR to provide constructive input during the environmental review process about which route or segments would best protect state resources if information such as estimated acreage of permanent and temporary impacts for each location, total impact acreage for each route, and specific plans for mitigation of impacts are not provided in the Draft or Final Environmental Impact Statements. This EIS also did not identify whether impacts would be expected on existing transmission line corridors or new corridors. The above information is necessary for evaluation of impacts to natural resources and evaluation of license to cross permits.

The project applicant is encouraged to coordinate directly with the DNR through a pre-application meeting(s) concerning impacts to DNR administered lands, public waters, public water wetlands, and state-listed species prior to application for waters permits and utility licenses to cross public lands and public waters. The applicant is encouraged to further develop mitigation plans for impacts related to these resources and review these with the DNR prior to applying for any DNR permits. Specific examples of crossings discussed in the attached November, 30 2009 letter from the DNR to the Minnesota Department of Commerce, Office of Energy Security (OES) that should be discussed in pre-application meetings include the Bucks Lake, Chub Lake, and Minnesota River crossings. As described in the referenced letter, the DNR does not support a crossing of Bucks Lake due to the high concentration of species using the area for resting, roosting, feeding and nesting, and associated recreational value for the community. The DNR also has concerns regarding the construction of a transmission line through Chub Lake due the adjacent boundary of Chub Lake WMA, the presence of a Central Region Regionally Significant Ecological Area, the Chub Creek Marsh wetland complex, high usage by waterfowl and migratory bird species, and categorization of the location as an area of High Biodiversity Significance.

Further coordination is also encouraged with environmental review staff regarding temporary or permanent impacts to native prairie, Species of Special Concern plants, rock outcrops, basswood forests, and MCBS sites of biodiversity.

The DNR recommends that an independent environmental monitor be employed to evaluate compliance with permit requirements during project construction. An environmental monitor employed by the DNR or an independent firm may also be required as part of license to cross permitting.

www.dnr.state.mn.us

AN EQUAL OPPORTUNITY EMPLOYER



PRINTED ON RECYCLED PAPER CONTAINING A MINIMUM OF 10% POST-CONSUMER WASTE

The FEIS includes Comment Response Number 269w, which narrows the areas identified for new and existing substations. This additional information is appreciated. However, it was difficult to locate many of the areas identified with the directions provided in the FEIS response to comments. A map with substation locations would better inform the DNR review in preparation for permitting.

Thank-you for the opportunity to provide comments regarding the FEIS for the Brookings County, South Dakota to Hampton, Minnesota Transmission Line. Please contact me with any questions.

Sincerely,

A handwritten signature in black ink that reads "Jamie Schrenzel". The signature is written in a cursive style with a large, sweeping initial "J".

Jamie Schrenzel, Planner Principal
Environmental Review Unit
Division of Ecological Resources
(651) 259-5115

Enclosures (1)