

**STATE OF NEBRASKA
NEBRASKA POWER REVIEW BOARD**

IN THE MATTER OF THE APPLICATION OF)	PRB-3632
THE NEBRASKA PUBLIC POWER DISTRICT,)	
HEADQUARTERED IN COLUMBUS,)	
NEBRASKA, REQUESTING AUTHORIZATION)	
TO CONSTRUCT SEVEN MILES AND ONE)	
AND ONE HALF MILES OF 115 KILOVOLT)	ORDER
TRANSMISSION LINE AS PART OF TWO)	
TRANSMISSION LINES AND A SUBSTATION)	
IN DAKOTA COUNTY, NEBRASKA.)	

ON THE 20th day of August, 2010, the above-captioned matter came on for consideration before the Nebraska Power Review Board (“the Board”). The Board, being fully advised in the premises, and upon reviewing said application and the evidence presented to the Board at said hearing, HEREBY FINDS AS FOLLOWS (references to testimony are designated by a “T” followed by the transcript page, then the lines upon which the testimony appears, while references to exhibits are designated by “Exh.”):

FINDINGS OF FACT

1. That on July 23, 2010, the Nebraska Public Power District (“NPPD”) filed an application with the Board requesting authorization to construct two 115 kilovolt (“kV”) transmission lines and a 115 kV substation in Dakota County, Nebraska. The project would involve a total of seventeen miles of 115 kV transmission line, but only eight and one half miles of the transmission lines would be located outside NPPD’s retail service area. Authorization from the Board is required only for the eight and one-half miles of line that would be located outside NPPD’s service area. (T25:4-10). Of the portions of the lines that would be located outside NPPD’s service area, one of the lines

would be seven miles in length and the other would be one and one-half miles in length. (Exh. 1). The application was designated “PRB-3632.”

2. The total estimated cost of the project is \$27,000,000. This figure includes the cost of the entire seventeen miles of transmission line. Of the total cost estimate, approximately \$6,400,000 is for the new NPPD South Sioux City 115 kV substation. (Exh. 1, page 3). The purpose for the project stated in the application is to support significant electric load growth in the South Sioux City and Dakota City area, and to enhance the area’s electric system reliability, and to support future industrial and commercial growth in the area. (Exh. 1, page 2-3).

3. That those power suppliers and entities, other than the applicant, that the Board deemed to be potentially affected by or interested in said application were the Northeast Nebraska Public Power District, the City of South Sioux City, Nebraska, and the City of Dakota City, Nebraska. Written notice of the filing of the application and the hearing date was provided to these potentially interested parties and NPPD via certified U.S. mail (Exh. 2).

4. Notice of the filing and the opportunity to request to participate in the proceedings was provided to the general public by publication of a notice in the Dakota County Star on Thursday, August 5, 2010. (Exh. 3). The Dakota County Star is a legal newspaper with general circulation in the area where the proposed transmission lines and substation would be located.

5. That a Petition for Intervention was filed by the James Neff Kramper Family Farm Partnership on August 17, 2010. The Board conducted an evidentiary

hearing to address the issue whether the proposed Intervenor had standing to intervene just prior to the hearing on the merits in PRB-3632. The Board determined that the proposed Intervenor lacked standing. A separate Order was issued dealing with the Petition for Intervention. (T6:2 to 15:25).

6. That following the portion of the hearing pertaining to the Intervenor's standing, the Board commenced the formal evidentiary hearing on PRB-3632.

7. That Consent and Waiver forms were offered and accepted into evidence at the hearing before the Board, as provided by law and the Board's Rules of Practice and Procedure, whereby the City of Dakota City, Nebraska, the City of South Sioux City, Nebraska and the Northeast Nebraska Public Power District consented to the approval of PRB-3632 and waived a hearing and further notice in the matter. (Exhs. 4, 5 and 6).

8. That pursuant to the requirement set out in Neb. Rev. Stat. § 37-807(3), the Board consulted with the Nebraska Game and Parks Commission ("the Commission") to ensure that the Board utilizes its authority in furtherance of the purposes of the Nebraska Nongame and Endangered Species Act, and to ensure that approval of the proposed transmission line and related facilities would not jeopardize the continued existence of any endangered or threatened species or result in the destruction or modification of habitat of such species which is determined by the Commission to be critical. The Commission provided a letter to the Board stating that NPPD consulted with the Commission and the U.S. Fish and Wildlife Service throughout the course of planning the best route for the line. The Commission advised NPPD on potential impacts to state listed threatened and endangered species, as well as other species protected under federal

law such as the Migratory Bird Treaty Act and the Bald and Golden Eagle Protection Act. (Exh. 7).

9. The Commission informed the Board that the project corridor, including the preferred and alternative routes for the proposed lines, are within a highly developed and urban and agricultural setting, with no records of threatened or endangered species or suitable habitat within the project area. The Commission determined that the proposed project will have “no effect” on any state listed threatened or endangered species.

10. The project would consist of two 115 kV transmission lines that would connect the existing Twin Church substation, located approximately four miles west of Dakota City, to the new South Sioux City substation that NPPD would construct approximately one miles north of Dakota City as part of this overall project. The project would consist of a northern and southern line. The northern line travels north and west of the proposed South Sioux City substation up to and beyond South Sioux City, and then travels south and west to the Twin Church substation. (T25:15 to 26:13; Exh. 1, Page 5). The southern line proceeds west from the proposed South Sioux City substation, and then south and west to the Twin Church substation. (T26:14 to 27:1; Exh. 1, page 5).

11. The project would support increased load growth in the South Sioux City and Dakota City areas, as well as enhancing the system reliability in the area. (T33:5-7; Exh. 1, page 2-3). One specific load that has had significant growth is the Beef Products, Inc. facility north of Dakota City that would be served by the proposed southern line. (T19:8-19). Another area that is expected to experience significant load growth is an industrial expansion area west of South Sioux City that will accommodate data

processing and/or storage facilities. This area would be served by the proposed northern line. (T19:20 to 20:9).

12. The load growth in the area cannot be served by the existing 69 kV transmission lines in the vicinity. The current load in South Sioux City area is approximately 82 megawatts (“MW”). Each 69 kV line can only accommodate 50 to 60 MW of load. Two 69 kV lines already serve much of the area involved in and near South Sioux City and Dakota City. The load in the area is expected to grow by around 40 MW in the next few years, which could not be served by 69 kV facilities. (T33:8-23). It is not uncommon for growing municipalities to require 115 kV transmission facilities in a “ring” around the municipality to better serve that area. This has already been done involving the cities of Norfolk, Kearney, and Scottsbluff. (T33:23 to 34:4). NPPD determined it would not be able to serve the load growth in the area by constructing additional 69 kV circuits. (T34:5-11).

13. With the two 115 kV lines proposed in PRB-3632, NPPD could create a closed loop system in the area near South Sioux City and Dakota City. One advantage of such a system is that if there is a problem in the line somewhere, the system can be supplied electricity from the other direction. In other words, if there is a problem with an area of the northern line, the loads that would otherwise face an outage can be supplied using the southern line feeding electricity from the other direction. That is not possible with the 69 kV system that currently exists in the project area because the 69 kV circuits can only feed power in one direction. (T34:25 to 36:6). One 115 kV line alone would not be able to reliably serve the load growth in the project area. (T38:8-20). The lines

and substation proposed in PRB-3632 would provide greatly increased reliability in the project area and serve to meet transmission network redundancy requirements established by the North American Electric Reliability Council. (T35:20 to 36:19).

14. The proposed project qualifies to have some of its costs allocated under the Southwest Power Pool's ("SPP") base plan funding methodology. Under this funding mechanism, one third of the annual transmission revenue requirements for the proposed lines will be spread across the other members of the SPP. Thus, the cost to NPPD, and therefore NPPD's ratepayers, will be reduced by the SPP's base plan funding method. (T42:21 to 43:12).

CONCLUSIONS OF LAW

15. Pursuant to Neb. Rev. Stat. §§ 70-1012, 70-1013, and 70-1014, the Board has jurisdiction to conduct a hearing and either approve or deny an application for authority to construct a transmission line and related facilities located in the State of Nebraska, but outside a power supplier's service area. Such approval is required prior to commencement of construction of facilities such as those described in application PRB-3632.

16. The Board has complied with the requirements under Neb. Rev. Stat. § 37-807(3) to consult with and request the assistance of the Nebraska Game and Parks Commission in order to utilize the Board's authority in furtherance of the purposes of the Nebraska Nongame and Endangered Species Act, and to insure that approval of the proposed transmission line and related facilities would not jeopardize the continued existence of any endangered or threatened species or result in the destruction or

modification of habitat of such species which is determined by the Commission to be critical. NPPD consulted with the Commission and the U.S. Fish and Wildlife Service concerning this project. The Commission has determined that the proposed project would have no effect on any endangered or threatened species or habitat critical to those species. The Board believes it is reasonable to defer to the expertise of the Commission and the U.S. Fish and Wildlife Service. The Board therefore concludes that approval of the proposed transmission lines and substation would not jeopardize the continued existence of any endangered or threatened species or result in the destruction or modification of the critical habitat of such species.

17. The Board finds that the evidence shows the proposed transmission lines, substation and related facilities will serve the public convenience and necessity.

18. The Board finds that the evidence demonstrates that NPPD can most economically and feasibly supply the electric service resulting from the proposed transmission lines and substation.

19. The Board finds that the evidence demonstrates the proposed project will not unnecessarily duplicate other facilities or operations.

20. That based on the foregoing findings, NPPD is entitled to an Order approving the construction of the transmission line and substation described in PRB-3632.

ORDER

That during that part of its public meeting on August 20, 2010, held subsequent to the hearing on the merits pertaining to application PRB-3632, a majority of the members

of the Power Review Board, by a vote of 3 to 0, voted in favor of a motion to approve application PRB-3632.

IT IS THEREFORE ORDERED by the Nebraska Power Review Board that, pursuant to the Board's action taken during its public meeting held August 20, 2010, application PRB-3632 for authorization to construct seven miles and one and one half miles of 115 kilovolt transmission line as part of two transmission lines, and a 115 kilovolt substation, all in Dakota County, Nebraska, and hereby is APPROVED.

Dated this 6th day of October, 2010.



Mark Graham
Board Vice-Chairman

CERTIFICATE OF SERVICE

I, Timothy J. Texel, Executive Director and General Counsel for the Nebraska Power Review Board, hereby certify that a copy of the foregoing **Order** in PRB-3632 has been served upon the following parties by mailing a copy of the same to the following persons at the addresses listed below, via certified United States mail, first class postage prepaid, on this 7th day of October, 2010.

Bonnie Hostetler
Senior Staff Attorney
Nebraska Public Power District
P.O. Box 499
Columbus, NE 68602

John McClure
General Counsel
Nebraska Public Power District
P.O. Box 499
Columbus, NE 68602



Timothy J. Texel
Executive Director and General Counsel