

**STATE OF NEBRASKA
NEBRASKA POWER REVIEW BOARD**

IN THE MATTER OF THE APPLICATION)	PRB-3804
OF THE NEBRASKA PUBLIC POWER DISTRICT,)	
HEADQUARTERED IN COLUMBUS, NEBRASKA,)	
REQUESTING AUTHORIZATION TO CONSTRUCT)	ORDER
APPROXIMATELY 40 MILES OF 115 KILOVOLT)	
TRANSMISSION LINE AND A 115 KILOVOLT)	
SUBSTATION IN CUSTER AND VALLEY)	
VALLEY COUNTIES, NEBRASKA.)	

On the 24th day of July, 2015, 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 June 30, 2015, the Nebraska Public Power District (“NPPD”), headquartered in Columbus, Nebraska, filed an application with the Board requesting authorization to construct approximately forty (40) miles of 115 kilovolt (kV) transmission line and a new 115 kV substation. (Exh. 1). The application was designated “PRB-3804.”

2. The proposed 115 kV line would run from NPPD’s existing Ord Substation southwest of the City of Ord west to the proposed new NPPD Muddy Creek Substation to

be located several miles northeast of the City of Broken Bow. The facilities will be located in Valley and Custer Counties, Nebraska. (Exh. 1, pages 2 and 4). The line is expected to be placed into service (or begin commercial operation) in 2018. (T16:15-16).

3. That those power suppliers and entities, other than the applicant, that the Board deemed to be potentially affected by or interested in PRB-3804 were Loup Valleys Rural Public Power District, Custer Public Power District, the Village of Berwyn, the City of Sargent, the City of Broken Bow, the City of Ord, the Village of Arcadia, and the Village of Comstock. 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 file a Petition for Intervention to participate in the proceedings to was provided to the general public by publication of a notice in the Custer County Chief newspaper on Thursday, July 9, 2015. (Exh. 3). The publication is a legal newspaper with circulation in the general area where the proposed transmission line and substation would be located.

5. That no Petitions to Intervene or Protests were filed with the Board concerning this application. Custer Public Power District and Loup Valleys Rural Public Power District filed consent and waiver forms with the Board consenting to approval of the application and waiving a hearing in the matter. (T21:8 to 21:9).

6. 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 substation 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 dated July 23, 2015, stating that the proposed project corridor is within the range of the endangered whooping crane (*Grus americana*) and interior least tern (*Sternula antillarum athalassos*), and the threatened piping plover (*Charadrius melodus*), northern long-eared bat (*Myotis septentrionalis*), river otter (*Lontra canadensis*) and small white lady’s slipper (*Cypripedium candidum*). (Exh. 4, page 2).

7. The Commission determined that habitat for these species may exist within or near the project area, depending on the location of the final route. The Commission informed the Board that Commission staff has met with NPPD on several occasions dating back to September 8, 2014. NPPD has committed to certain conservation and mitigation measures in order to avoid adverse impacts to any endangered or threatened species. (Exh. 4, page 2-3).

8. Among the mitigation actions are that NPPD will install spiral bird flight diverters on the shield wire within the footprint of the Broken Bow wind farm and where the line crosses the Middle Loup River. If construction occurs during whooping crane migration periods, NPPD will conduct daily

presence/absence surveys within one-half mile of the work area prior to beginning of construction activities. Likewise, NPPD will try to construct the portion of the line crossing the Middle Loup River outside of the interior least tern and piping plover nesting period. If work will be performed during the nesting period, NPPD will conduct daily nest surveys within one-quarter mile upstream and downstream of the river crossing location. Likewise, NPPD will conduct river otter den surveys at the Middle Loup River crossing location. Although not listed as endangered or threatened, NPPD agreed to conduct a survey for bald eagle nests along the final route prior to construction activities. If the southern river crossing route were to be chosen, NPPD agreed to conduct surveys for small white lady's slipper during the plant's bloom period of May 15 to June 10. (Exh. 4, pages 2-3).

9. Based on NPPD's commitments, the Commission determined that the proposed project "May Affect but is Not Likely to Adversely Affect" state-listed threatened or endangered species and did not object to the approval of the project. (Exh. 4, page 3).

10. The project area in which the proposed facilities will be located is indicated in the white area surrounded by pink on Exhibit A attached to the original application. The proposed transmission line, substation and related facilities will be located within the project area. (Exh. 1, page 4). Although NPPD identified a preferred and alternate route for the proposed line, and a preferred and alternate locations for the new substation, NPPD could choose a final location for the line and substation anywhere within the project

corridor identified in white on Exhibit A to the application. (T16:17 to 17:9; T19:18 to 20:6; Exh. 1, page 4).

11. The preferred and alternate routes were selected by NPPD after hosting a series of open houses to provide the public with information about the proposed line and substation and accept comments from the public. (T17:10 to 18:20).

12. There are currently no transmission lines (115 kV or larger) in the project area that could move electric power between the areas including and in the vicinity of the cities of Broken Bow and Ord. (T23:24 to 25:25; Exh. 6; Exh. 8). The current 115 kV system in the central Nebraska region near Broken Bow and Ord has very limited capacity, making it very difficult for NPPD to deal with potential transmission contingencies that might arise in that area. If an existing transmission line in NPPD's Zone 5 were to experience problems or be taken out service unexpectedly, it would cause voltage depressions and thermal overloads. (T26:10 to 27:8). The transmission system in NPPD's Zone 5 is susceptible to overloading in peak electric use conditions. (T27:9-16).

13. The transmission service to the city Ord is a radial line, meaning that the City is served by only one transmission line without any redundancy. If the transmission line or substation providing electric service to the City of Ord were to be rendered inoperable for any reason, NPPD would lose its ability to reliably provide transmission service to the City and the surrounding area. Likewise, the transmission service to two wind farms north of the City of Broken Bow are on a radial feed, creating similar difficulties to provide transmission service for the wind farms should the radial line be

taken out of service unexpectedly. The proposed line would provide back-up or redundant service so that if the current radial line serving the City of Ord or the wind farms were to be taken out of service unexpectedly, transmission service could be provided to those areas using the back-up system. (T27:17 to 28:21: Exh. 8).

14. It is necessary to build a 115 kV line because 34.5 kV or 69 kV would have insufficient capacity to provide service to the area. To address the reliability issues in the central Nebraska area near the cities of Broken Bow and Ord, it is therefore necessary to build a 115 kV line. (T29:13 to 30:12).

15. NPPD is a member of the Southwest Power Pool (“SPP”), a regional transmission organization. The SPP functions as NPPD’s transmission planning and reliability coordinator. It conducts transmission planning studies to determine the need for transmission facilities in its operating area. (T30:20 to 31:23; Exh. 9). The SPP engaged in an integrated transmission planning process that involves SPP and member utilities studying what transmission projects are believed to be needed in the entire SPP region based on projections for the next twenty years. The SPP then prepares a more detailed integrated transmission plan that determines what transmission facilities need to be built based on a ten year horizon. The SPP prepares an Integrated Transmission Plan Near-Term Assessment Report in which it states its findings and recommendations to the SPP Board of Directors. (Exh. 9). The study indicated that the facilities in PRB-3804 are needed to address voltage violations and thermal loading violations in the central Nebraska area near the cities of Broken Bow and Ord. (T32:12 to 33:22;

Exh. 9, page 5-6). In January 2014 the SPP Board of Directors approved the project that is now PRB-3804 and SPP issued NPPD a Notice to Construct the proposed project in August 2014. (T35:1-3; T35:23 to 36:12; Exhibit 10). NPPD accepted the Notice to Construct in November 2014. (T36:13-21; Exh. 1, page 2; Exh. 11).

16. The overall purpose of the project is to improve the reliability of the transmission system in the area, including and surrounding the Cities of Broken Bow and Ord and in the central Nebraska region. (Exh. 1, page 2; Exh 10, page 2).

17. Both NPPD and SPP examined alternatives to the facilities proposed in PRB-3804. The entities involved have built other facilities in central Nebraska to address the transmission issues in that area, but none of those addressed the area that would be served by the proposed line in PRB-3804. (T36:22 to 38:17).

18. No other utility has been identified that could or would be willing to provide the necessary upgrades. The other power suppliers that operate in the central Nebraska area near this proposed project operate primarily radial subtransmission lines. Upgrading those facilities would not address the transmission reliability issues in and near the project area. No other electric utility owning or operating 115 kV transmission lines in Nebraska, such as Tri-State Generation and Transmission Association, Omaha Public Power District, or the Lincoln Electric System, have any transmission facilities in or near the proposed project area. (T38:19 to 40:1; Exh. 6; Exh. 8). No other Nebraska

utility has stepped forward indicating it would be capable of or willing to construct the transmission facilities.

19. The estimated total cost of the project is \$29,900,000. (Exh. 1, page 3). Although NPPD will initially pay for the entire capital construction costs for the project, it will recover some of its costs over time using the SPP's "Highway/Byway" cost sharing methodology. For projects involving facilities rated between 100 kV and 300 kV, SPP's cost methodology requires the utilities in the local zone where the new facilities will be located to pay approximately two-thirds of the project cost, while one third of the cost is paid by the other members of the SPP, based on the load ratio of the SPP member utilities. NPPD is the utility with facilities in the local zone in this instance. Thus, NPPD will recover about one-third of the costs for the project. (T43:3-24).

CONCLUSIONS OF LAW

20. 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-3804.

21. 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 lines 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. Based on NPPD's commitments to conduct conservation and mitigation measures, such as site surveys for the presence of certain species, installation of bird flight diverters and other actions, the Commission has determined that the proposed project "may affect but is not likely to adversely affect" 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. The Board therefore concludes that, due to NPPD's agreement to perform certain conservation and mitigation measures to address any potential impact on endangered or threatened species, and its commitment to continue coordinating with the Commission prior to and during construction activities, 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.

22. The Board finds that the evidence shows the proposed project will serve the public convenience and necessity.

23. The Board finds that the evidence demonstrates that NPPD can most economically and feasibly supply the electric service resulting from the proposed project.

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

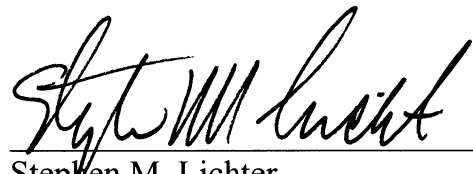
25. That based on the foregoing findings, NPPD is entitled to an Order approving the construction of the transmission line, substation and any related facilities described in PRB-3804.

ORDER

That during that part of its public meeting on July 24, 2015, held subsequent to the hearing on the merits pertaining to application PRB-3804, a majority of the members of the Power Review Board, by a vote of 4 to 0, voted in favor of a motion to approve application PRB-3804.

IT IS THEREFORE ORDERED by the Nebraska Power Review Board that, pursuant to the Board's action taken during its public meeting held July 24, 2015, application PRB-3804 for authorization to construct approximately forty (40) miles of 115 kilovolt transmission line and a new 115 kilovolt substation in Custer and Valley Counties, Nebraska be, and hereby is APPROVED.

Dated this 17th day of August, 2015.



Stephen M. Lichter
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-3804 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 19th day of August, 2015.

Bonnie Hostetler
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Timothy J. Texel