



United States Department of Agriculture
Rural Development

November 1, 2010

First Last, Title
Agency
Address
Address2
City, State Zip

Subject: Hampton-Rochester-La Crosse 345 kV Transmission System Improvement Project Update

Dear Landowner:

Our records show you own property in an area where additional study areas (macro corridors) have been added for consideration for the proposed Hampton-Rochester-La Crosse 345 kilovolt (kV) Transmission System Improvement Project (the Proposal) (a description of the Proposal is provided on the following page). This letter provides notice of recently added study areas and information on the environmental review process and opportunities to participate in this process.

Federal Environmental Review Process

Rural Utilities Service has been approached for financial assistance for the Proposal. RUS' funding of the Proposal would constitute a federal action subject to National Environmental Policy Act (NEPA) (42 United States Code [U.S.C.] § 4321, specifically 7 C.F.R. § 1794.3) and an undertaking under Section 106 of the National Historic Preservation Act (NHPA), 16 U.S.C. § 470F, and the implementing regulations, "Protection of Historic Properties" (36 CFR Part 800). RUS determined that an Environmental Impact Statement (EIS) was necessary to evaluate the potential environmental effects of the Proposal prior to making a decision regarding whether to fund Dairyland Power Cooperative's (Dairyland) ownership interest in the Proposal. RUS is serving as the lead federal agency involved in the NEPA review of the Proposal. The NEPA process evaluates the potential effects of a project on the "human environment," such as land use, threatened and endangered species, wetlands, cultural and historic properties, socioeconomics, scenic areas and other environmental resources.

An EIS will be prepared in accordance with the Council on Environmental Quality regulations, which include discussions of the Proposal's purpose and need, alternatives, the potential environmental impacts of the proposed action and alternatives as well as mitigation measures to lessen those impacts, and a listing of agencies and persons consulted (40 CFR Parts 1500–1508). A third party contractor will be hired by RUS to prepare the EIS. The EIS process is conducted with the intent to integrate the Section 106 and NEPA process. The federal review process is shown on the Federal Review Process diagram [see attached].

RUS conducted scoping meetings June 16-25, 2009, which provided an opportunity for project proponents and RUS to discuss project details with members of the public, affected landowners and other federal and state agencies and tribes. Comments received during and after the scoping meetings will be incorporated into the

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planning process and used to develop the scope of the EIS. Public comments and information released through the scoping period were compiled in a Scoping Report and are available on the following website:
<http://www.usda.gov/rus/water/ees/eis.htm>.

To allow residents within the additional study areas an opportunity to comment, the comment period has been reopened. Comments received within 30 days (by December 6, 2010) will be addressed in the Draft EIS. Send comments to Stephanie A. Strength at (970) 403-3559 or FAX: (202) 690-0649 or via email at stephanie.strength@wdc.usda.gov.

Comments may also be mailed to:
Stephanie A. Strength
Environmental Protection Specialist
Engineering and Environmental Staff
Rural Utilities Service
1400 Independent Avenue SW
Mail Stop 1571, Room 2242
Washington, DC 20250

Minnesota Routing Process

You should have already received an update letter from the Minnesota Office of Energy Security. This letter addresses the same Proposal and additional areas as the Minnesota letter. It is necessary to send this second letter to update landowners and interested parties on the federal process to assure consistency between the two review processes.

Description of Proposal

CapX2020 is a joint initiative of 11 electric transmission-owning utilities in Minnesota, Wisconsin and the surrounding region to expand the electric transmission grid to meet the increasing demand for power. The proposed facilities are needed to improve regional reliability, enhance local load serving needs and provide generation outlet support. Xcel Energy Inc., [acting as operating companies Northern States Power Company, a Minnesota corporation (NSPM), and Northern States Power Company, a Wisconsin corporation (NSPW) (collectively, Xcel Energy)] is the lead utility for the Proposal. Dairyland, one of the utilities involved, has requested financial assistance from RUS for its anticipated 11 percent ownership interest. Other anticipated owners of the proposed facilities include WPPI Energy, Southern Minnesota Municipal Power Agency (SMMPA) and Rochester Public Utilities (RPU).

The CapX2020 utilities listed above are proposing to construct a 345 kV electric transmission line and associated facilities between Hampton, Minnesota; Rochester, Minnesota; and the La Crosse, Wisconsin area. The Proposal includes the 345 kV transmission line from a substation near Hampton, Minnesota, to a proposed new substation in north Rochester, to a new or existing substation near La Crosse, Wisconsin, in addition to the construction of new 161 kV transmission lines and associated facilities in the Rochester, Minnesota area (see map posted at <http://www.usda.gov/rus/water/ees/eis.htm#Dairyland%20Power%20Cooperative,%20Inc>).

Project Background

The Alternative Evaluation Study (AES) and the Macro Corridor Study (MCS) are two preliminary documents required by RUS when conducting an environmental analysis for proposed transmission line project. These documents provide agencies and the public with a general understanding of the proposed project. The AES explains the need for the proposed project and discusses the alternative methods that have been considered to meet that need and which alternative is considered the best for fulfilling the need. The MCS defines the study

area and defines the project end points. Within the study area, macro corridors are developed based on environmental, engineering, economic and land use data as well as consideration of permitting constraints. These documents are available on the RUS website (<http://www.usda.gov/rus/water/ees/eis.htm>) or by request to RUS.

Should you have any questions or require additional information, please contact Stephanie Strength at (970.403.3559) or via email at stephanie.strength@wdc.usda.gov .

Sincerely,

A handwritten signature in black ink that reads "Mark S. Plank". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Mark S. Plank
Director, Engineering and Environmental Staff
USDA, Rural Utilities Program

