



Energy Environmental Review and Analysis
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December 5, 2013

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Comments and Recommendations of Department of Commerce
Energy Environment Review and Analysis Staff
Docket No. E015/GP-13-978

Dear Dr. Haar:

Attached are comments and recommendations of Department of Commerce, Energy Environmental Review and Analysis (EERA) staff in the following matter:

**In the Matter of the Application of Minnesota Power for a Pipeline
Route Permit for Laskin Energy Center Natural Gas Pipeline
Project and Associated Facilities in St. Louis County, Minnesota**

The application was filed on November 19, 2013, by:

| | |
|---|---|
| James B. Atkinson Minnesota Power Environmental Siting and Permitting Manager 30 West Superior Street Duluth, MN 55802 jbatkinson@allete.com | David R. Moeller Minnesota Power Senior Attorney 30 West Superior Street Duluth, MN 55802 dmoeller@allete.com |
|---|---|

DOC EERA staff recommends acceptance of the route permit application as complete. Staff is available to answer any questions the Commission may have.

Sincerely,

A handwritten signature in black ink that reads "Larry B. Hartman". The signature is written in a cursive, slightly slanted style.

Larry B. Hartman
DOC EERA Staff

LBH/sm

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS AND RECOMMENDATIONS OF MINNESOTA DEPARTMENT OF COMMERCE ENERGY ENVIRONMENTAL REVIEW AND ANALYSIS STAFF

DOCKET No. E015/GP-13-978

Date: December 5, 2013

EERA Staff: Larry B. Hartman651-539-1839

In the Matter of the Application of Minnesota Power for a Pipeline Route Permit for Laskin Energy Center Natural Gas Pipeline Project and Associated Facilities in St. Louis County, Minnesota

Issues Addressed: These comments and recommendations address the completeness of the route permit application submitted for the Laskin Energy Center Natural Gas Pipeline Project and Associated Facilities.

Documents Attached:

- (1) Project Location Map
- (2) Pipeline Routing – Partial Exemption Process

Additional documents and information can be found on eDockets:

<https://www.edockets.state.mn.us/EFiling/search.jsp> (13-978) and on the Department’s energy facilities permitting website: <http://mn.gov/commerce/energyfacilities/Docket.html?Id=33624>

This document can be made available in alternative formats (i.e., large print or audio) by calling 651-296-0391 (voice).

Introduction and Background

On November 13, 2013, Minnesota Power filed a route permit application with the Minnesota Public Utilities Commission (Commission). The Application is being made under the Partial Exemption permitting process of Minn. Rules 7852.0600 to 7852.0700.¹ On November 14, 2013, the Commission issued a notice soliciting comments on the completeness of the route permit application for the project.²

¹Minnesota Power, Route Permit Application to the Minnesota Public Utilities Commission for Laskin Energy Center Natural Gas Pipeline Project, See eDockets, document ID # [201311-93645-01](#), [201311-93645-02](#), [201311-93645-03](#), [201311-93645-04](#), [201311-93645-05](#) [hereinafter **Route Permit Application**].

² Notice of Comment Period on Route Permit Application Completeness, November 19, 2013, eDockets Number [201311-93840-01](#).

Project Purpose

The proposed natural gas pipeline project would allow Minnesota Power's Laskin Energy Center in Hoyt Lakes, Minnesota, to be converted from a coal-fired facility to a natural gas-fired facility.³

Project Description (Proposed Pipeline and Associated Facilities)

The proposed Project will include the installation of approximately 5,900 feet of 10.75-inch nominal diameter pipeline from the Northern Natural Gas Transmission pipeline to Minnesota Power's Laskin Energy Center plant in Hoyt Lakes. See Figure 1 Attachment, Project Location Map. The pipeline will have a maximum allowable operating pressure (MAOP) of 1,480 pounds per square inch gauge (psig) and established by the company metering the natural gas (Northern Natural Gas). The pipe wall thickness and pipe grade will be established in part by pipe availability with a minimum nominal wall thickness of 0.255 inch used for open areas, and a minimum nominal wall thickness of 0.330 inch used for road crossing, railroad crossing and horizontal directional drills (HDDs). The pipeline will be buried to a depth of at least three feet to the top of ground from the top of the pipe.

The Project will also require the installation of associated facilities (or appurtenances). Associated facilities will include valves and flanges, an in-line inspection tool launcher and receiver, cathodic protection to prevent corrosion on the pipeline, alternating current mitigation because the pipeline parallels a high voltage electric transmission line, and a gas delivery and odorizing station. Pipeline markers will also be installed various locations (e.g., road crossings) in accordance with applicable federal and state regulations.

The planned minimum design capacity of the Project is 0 million standard cubic feet per hour (Mscfh). Because the pipeline will be dedicated to the power plant facility, there may be occasional times throughout the year when the power plant will not require natural gas. The maximum design requirement of the pipeline is approximately 1500 Mscfh.

Land Requirements-Right-Of-Way

The right-of-way requirement for the natural gas pipeline will be 30 feet wide for the permanent easement, 20 feet wide on the working side and 10 feet on the non-working side. During construction, the standard workspace will be 100 feet wide with 75 feet on the working side and 25 feet on the non-working side. Assuming a route length of 5,900 feet and a 100-foot wide construction right-of-way, approximately 13.5 acres of land would be disturbed.

There are two landowners along the preferred route. Minnesota Power owns 63 percent (3,717 feet) of the land crossed by the proposed project and the city of Hoyt Lakes owns 37 percent (2,183 feet).

The permanent right-of-way will require approximately 4.1 acres of land. Approximately 13.5 acres will be required for construction, which also includes the permanent right-of-way. Additional temporary workspace will be required and totals about 1.1 acres. The above ground

³ Route Permit Application, See eDockets, Document ID [201311-93645-02](#).

gas delivery/meter station and regulation facility will each require about .25 acres. Total acreage required is approximately 15.20 acres.

As shown on Figure 3 in its route permit application, Minnesota Power's preferred alignment within the route crosses Colby Lake Road immediately after leaving the northern Natural Gas pipeline, then crosses the transmission line right-of-way, avoiding a wetland, and then parallels the electric transmission line easement along its northwestern side.⁴

The total estimated cost of the proposed pipeline Project is \$2 million. Operation and maintenance costs for the pipeline will be nominal for several years, since the line will be new and minimal vegetation maintenance will be required. The annual operating and maintenance cost for the Laskin is expected to be \$10,000 per year. Minnesota Power has targeted an in-service date of June 2015.

Regulatory Review Process

Minnesota Statutes, 216G.02 requires a pipeline routing permit issued by the Commission to construct and install certain intrastate pipelines designed to transport natural gas. The pipeline routing requirements are outlined in Minnesota Rules, chapter 7852.

The Commission has jurisdiction over the routing of pipelines with a nominal diameter of six inches or more that are designed to transport hazardous liquids and pipelines designed to be operated at a pressure of more than 275 pounds per square inch and carry gas.

The Commission's authority does not apply to interstate natural gas pipelines under authority of the federal Natural Gas Act or to pipeline owners or operators who are defined as a natural gas public utility in addition to other exclusions outlined in Minnesota Rules 7852.0300, subpart 1.

An applicant may submit an application to the Commission for pipeline route selection and a pipeline route permit. If the applicant does not expect the proposed pipeline and associated facilities to have significant impacts on humans or the environment, they can submit an application for partial exemption from pipeline route selection procedures. In such a case, the Commission will decide whether to grant or deny the partial exemption within 90 days after Commission acceptance date of the partial exemption application. See Attachment for Partial Exemption Process and Minnesota Rules 7852.0600.

The Project as proposed does not cross cultivated agricultural land, therefore notification to the Commissioner of Agriculture is not necessary and an Agricultural Protection Plan is not required.

⁴ Route Permit Application, See Dockets, Document ID [201311-93645-02](#), Figure 3, pages 23-27.

Staff Analysis and Comments

Minnesota Power provided DOC EERA staff with a draft of its application for review prior to filing. Staff reviewed the draft application and provided Minnesota Power with comments and recommendations that have been incorporated into its route permit application filed on November 13, 2013.

Subsequently, DOC EERA staff conducted a completeness review of the Minnesota Power, Laskin Energy Center Natural Gas Pipeline Project Routing Permit and Partial Exemption Application. The staff concludes that the applicant complied with the application procedures of Minnesota Rules 7852.2000 and the application contains all the information identified in Minnesota Rules 7852.2100 to 7852.3000. Staff concludes the application is complete and recommends the Commission accept the application.

Acceptance or conditional acceptance of the application allows Commission and DOC EERA staff and the applicant (Minnesota Power) to initiate actions required by Minnesota Rules 7852.0600 and 7852.2000. These actions include providing published notice including project description (size and type) and a map of the proposed pipeline alignment, application distribution requirements (Minnesota Rule 7852.2000, subpart 6), send application via certified mail and commenting procedures to applicable entities, published notice of public information meeting in each county, and provide opportunity to comment on the partial exemption application.

Staff will provide the Commission with all filed comments, the record from public information meeting, and its analysis of the information contained in the partial exemption application relevant to Minnesota Rules 7852.0700 (Criteria for Partial Exemption from Pipeline Route Selection Procedures) to assist the Commission in deciding on whether to grant or deny the request for partial exemption. If the partial exemption is granted a pipeline routing permit is issued. If the Commission does not grant the partial exemption, Minnesota Power must reapply under the full pipeline route selection procedures.

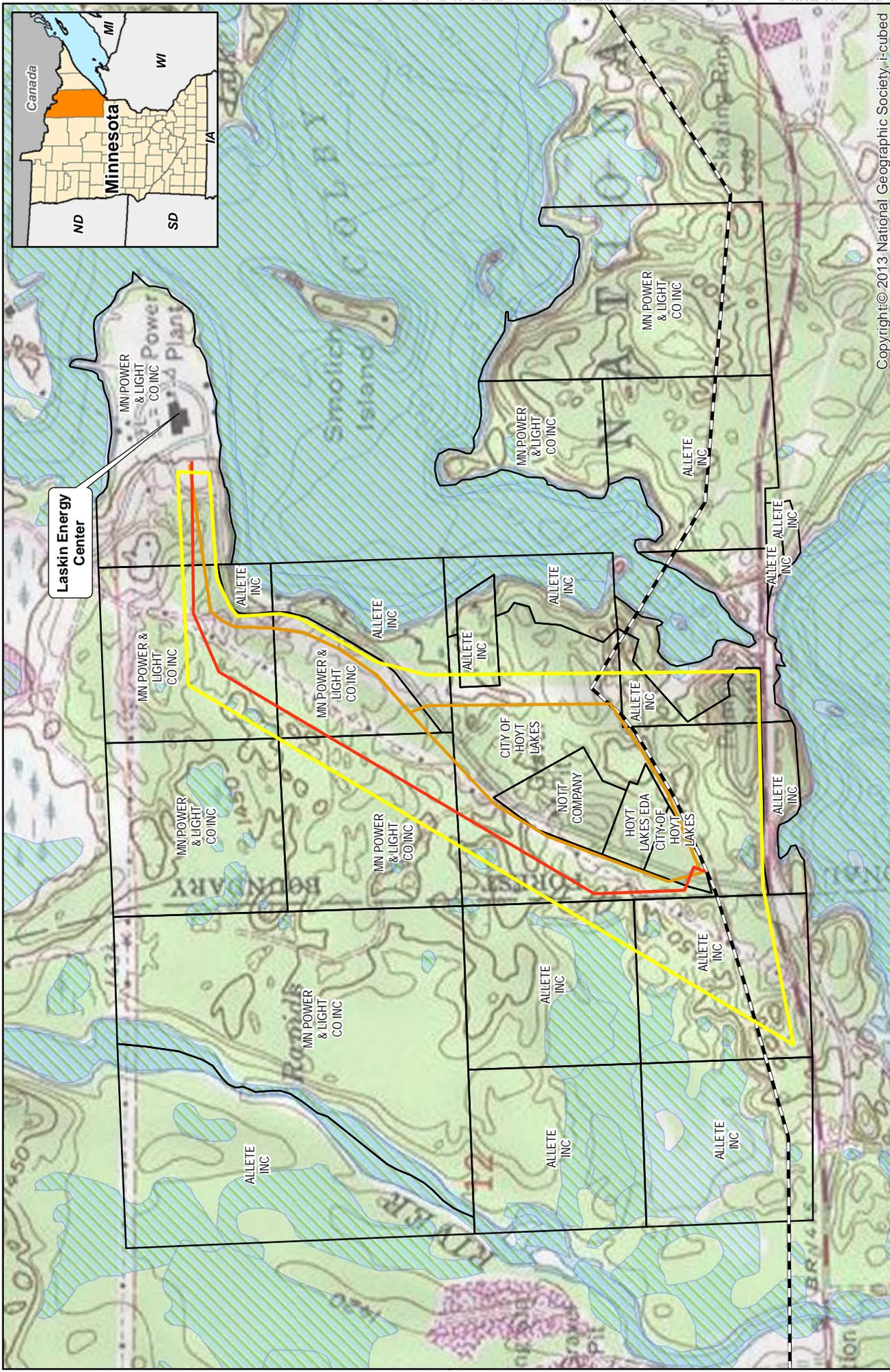
Minnesota Power will comply with requests for additional information from the Commission, the DOC EERA staff, and other interested persons.

If the application is accepted, the Commission should also take action to approve of a project budget. Minnesota Rules 7852.4000 requires an application fee to cover actual cost necessarily and reasonably incurred in process an application for a pipeline routing permit, permit compliance activities, administrative overhead and legal expenses.

The rules require that the budget be reviewed with the applicant, which has been done, and be approved by the Commission. In this instance, EERA staff is requesting a budget of up to \$30,000 for the Laskin Energy Center Natural Gas Pipeline Project. The \$30,000 budget should be sufficient to cover all actual costs associated with Commission review of this Project. The applicant will be provided with an accounting of all expenditures and may present objections to the Commission. Any unspent funds collected will be returned to the applicant.

EERA Staff Recommendation

EERA staff recommends that the Commission accept the route permit application for Minnesota Power's Laskin Energy Center Natural Gas Pipeline Project as substantially complete, with the provision that Minnesota Power provides Commission and EERA staff with information as necessary to facilitate review of the route permit partial exemption application. Additionally, EERA staff recommends that the Commission approve of the proposed project budget.



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- Proposed Route
- Preferred Pipeline Alignment
- Alternative Pipeline Alignments
- Northern Natural Gas Pipeline
- Land Tract
- NWI Wetland

Figure 1
MN Power
 Laskin Pipeline Project
 Laskin Proposed Route - Topographic Coverage
 St. Louis County, Minnesota

0 500 1,000 Feet

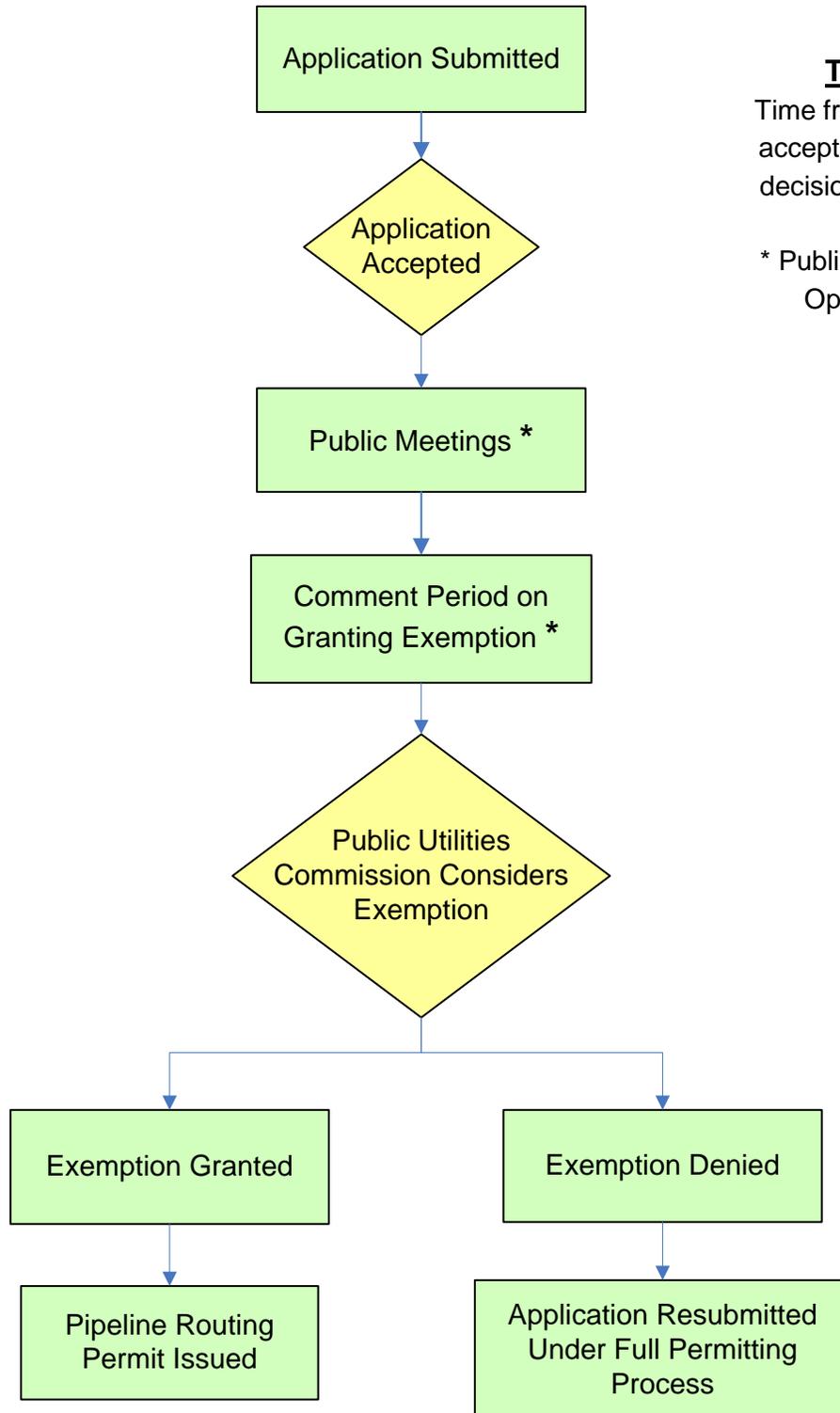
1 inch = 1,000 feet

MINNESOTA POWER
 AN ALLETE COMPANY



Pipeline Routing Partial Exemption Permitting Process

Minnesota Rules 7852



Timeline

Time from application acceptance to permit decision = 3 months.

* Public Participation Opportunities