

January 13, 2016

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
127 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Comments and Recommendations of the Department of Commerce Energy Environmental
Review & Analysis Staff
Docket No. E002/GP-16-656

Dear Mr. Wolf:

Attached are the comments and recommendations of the Minnesota Department of Commerce Energy
Environmental Review & Analysis staff for the following:

**In the Matter of the Application for a Partial Exemption from Pipeline Route Selection
Procedures for the Black Dog Pipeline Project**

Xcel Energy submitted a natural gas pipeline routing permit and partial exemption from pipeline route
selection procedures application to the Commission on August 18, 2016. Xcel Energy has selected to
submit the Black Dog (Unit 6) Pipeline Route Permit Application for review pursuant to the partial
exemption procedures of Minnesota Rules, part 7852.0600.

The DOC-EERA staff recommends that the Commission grant the Partial Exemption from Pipeline
Route Selection Procedures and issue a Pipeline Routing Permit (with conditions) to Xcel Energy for the
Black Dog Natural Gas Pipeline Project.

Staff is available to answer questions the Commission may have.

Sincerely,

William Cole Storm
Minnesota Department of Commerce
Energy Environmental Review & Analysis

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
DEPARTMENT OF COMMERCE
ENERGY ENVIRONMENTAL REVIEW & ANALYSIS STAFF**

DOCKET No. E002/GP-16-656

Reply Comment Period Closes: January 16, 2017

Company: Northern States Power (dba Xcel Energy)

Docket No. E002/GP-16-656

**In the Matter of the Application for a Partial Exemption from Pipeline Route
Selection Procedures for the Black Dog Pipeline Project**

Issue(s): Should the Commission Grant the Partial Exemption from Pipeline Route
Selection Procedures for the Black Dog Pipeline Project?

EERA Staff: William Cole Storm 651-539-1844

Relevant Documents

Initial Filing – Pipeline Routing Permit Application	August 18, 2016
Lower Minnesota River Watershed District (Speak-Up)	November 14, 2016
City of Burnsville Letter	November 15, 2016
Minnesota Department of Natural Resources Letter	November 16, 2016
Minnesota Department of Transportation Letter	November 16, 2016
Minnesota Pollution Control Agency Letter	November 16, 2016
Department of Commerce – EERA Letter	November 30, 2016
Xcel Energy (Additional Information Regarding Potential to Impact Water Resources for the Black Dog Natural Gas Pipeline Project)	November 30, 2016
Minnesota Department of Natural Resources Letter	December 13, 2016

Xcel Energy (Supplemental Information for the Black Dog Natural Gas Pipeline Project)
Minnesota Department of Natural Resources Letter
City of Burnsville Letter

December 21, 2016
January 9, 2017
January 9, 2017

The enclosed materials are work papers of the Department of Commerce (DOC) Energy Environmental Review & Analysis (EERA). They are intended for use by the Public Utilities Commission (Commission or PUC) and are based on information already in the record unless otherwise noted.

This document can be made available in alternative formats, i.e., large print or audio tape, by calling (651) 201-2202 (Voice) or 1-800-627-3529 (TTY relay service).

(Note: Relevant documents and additional information can be found on eDockets (16-656).)

Statement of the Issues

Should the Public Utilities Commission grant Xcel Energy a partial exemption from the pipeline route selection procedures and issue a pipeline routing permit to provide natural gas for the Black Dog Unit 6 combustion turbine at the Black Dog Generating Plant in Burnsville, Minnesota.

Introduction and Background

Northern States Power Company Minnesota is a Minnesota corporation and a wholly-owned subsidiary of Xcel Energy Inc., a utility holding company with its headquarters based in Minneapolis. Xcel Energy provides electricity services to approximately 1.4 million customers and natural gas services to 500,000 residential, commercial and industrial customers in Minnesota. Xcel Energy Services Inc. is the service company for Xcel Energy and its personnel prepare, submit and administer regulatory applications to the Commission on behalf of Xcel Energy, including pipeline route permit applications.¹

Xcel Energy submitted a natural gas pipeline routing permit and partial exemption from pipeline route selection procedures application to the PUC on August 18, 2016. Xcel Energy has selected to submit the Black Dog (Unit 6) Pipeline Route Permit Application for review pursuant to the partial exemption procedures of Minnesota Rules, part 7852.0600.

Project Description

The proposed pipeline is located within the cities of Burnsville and Eagan, south and east of Xcel Energy's Black Dog Generating Plant. Xcel Energy's proposed pipeline originates from the Norther Natural Gas (NNG) Cedar Station in Eagan and traverses approximately 11,300 feet along an initially southwesterly direction towards an existing utility corridor and continues to the northwest to its terminus at the Black Dog Generating Plant.

¹ Northern States Power Company (dba Xcel Energy) Application for a Route Permit for the Black Dog Natural Gas Pipeline Project. August 18, 2016. Docket No. 20168-124245-01 to -04.

A detailed description of the proposed pipeline route is provided in Xcel Energy's application as follows:

The project is located within the cities of Burnsville and Eagan in T27N, R23W, Section 19 and T27N, R24W, Sections 23, 24, 25 in Dakota County, Minnesota. The proposed pipeline will extend north from NNG Cedar Station in Eagan then crossing under Old

Sibley Memorial Highway. The route parallels Old Sibley Memorial Highway within road right-of-way towards the south and west for approximately 1500 feet before turning west where it then extends approximately 450 feet crossing under to the west side of Minnesota State Highway 13 (Sibley Memorial Highway). The route then turns southwest and parallels the western edge of the southbound lane of Minnesota State Highway 13, again within road right-of-way, and traverses approximately 3,350 feet (0.64 miles), crossing under Cedar Bridge Avenue and River Hills Drive, before reaching an existing utility corridor. The route then turns to the northwest for approximately 1.0 mile to its terminus at the Black Dog Generating Plant. The route in this section is located entirely on land owned by the City of Burnsville or NSP.²

A total of 10.37 acres of land will be required for the proposed pipeline alignment. A forty-foot wide permanent rights-of-way (ROW) will be required for ongoing operation and maintenance of the pipeline.

Of the 11,300 feet crossed by the proposed pipeline, 3,960 feet are collocated with existing high voltage electric power line rights-of-way amounting to approximately 36 percent of the lands crossed. Approximately 5,200 feet will be co-located with existing road right-of-way.

On private and city owned lands the permanent ROW will be acquired in the form of permanent easements. On these lands Xcel Energy will seek to acquire easements approximately 40 feet in width for ongoing operation and maintenance of the pipeline. Through the electric transmission line corridor on City of Burnsville land there are currently transmission line easements which will overlap with the new pipeline easement. Because those existing easements do not currently allow for adding a natural gas pipeline, Xcel Energy will work with the city to acquire a new easement for the pipeline or modify the existing easements to add the pipeline. For those portions of the pipeline to be located within road ROW the pipeline will be permitted under a Utility Accommodation Permit for placing, constructing and reconstructing utilities within trunk highway right-of-way. The Minnesota Department of Transportation (MnDOT) does not allow easements within road right-of-way and the Utility Accommodation Permit does not define a width of "right-of-way", as an easement does.³

The planned minimum design capacity of the project is 55,584 decatherms (Dth) per day. The maximum design requirement of this system is approximately 168,864 Dth per day. The proposed operating pressure of the pipeline will be 650 psig.

² Northern States Power Company (dba Xcel Energy) Application for a Route Permit for the Black Dog Natural Gas Pipeline Project, P 3-1. August 18, 2016. Docket No. 20168-124245-01 to -04.

³ Id, p. 6-1.

Associated appurtenances include valves and flanges, regulators, and overpressure protection at delivery stations; an in-line inspection tool launcher and receiver; cathodic protection (sacrificial anode or impressed current); permanent alternating current mitigation, if necessary; gas delivery and odorization; and pipeline markers at various locations (e.g. road crossings).

The total estimated cost of the proposed pipeline project is \$5.4 million. Construction has been targeted to begin as soon as spring of 2017, with a planned in-service date of October 1, 2017.

Regulatory Review Process

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

The PUC 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 PUC'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.

Pursuant to Minnesota Statutes 216E.10, subdivision 3(b), an applicant for a permit under chapter 216G will notify the Commissioner of Agriculture if the proposed project will impact cultivated agricultural land. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

The Commission shall conduct a public information meeting in each county in which the pipeline and associated facilities are proposed to be located. The purpose of the public information meeting(s) is to assist the Commission in determining whether to grant or deny the partial exemption.

A person may file comments with the Commission stating reasons why the Commission should grant or deny the partial exemption.

In deciding whether to grant or deny the partial exemption, the commission shall consider any comments that are filed, the record of the public information meeting(s), and the information contained in the application relevant to the criteria for partial exemption in Minnesota Rules, part 7852.0700.

If the Commission does not grant the partial exemption, the applicant may (re)submit an application for review pursuant to the Pipeline Route Selection Procedures of Minnesota Rules, parts 7852.0600, and 7852.2100 to 7852.3100.

Procedural History

On September 30, 2016, the Commission accepted Xcel Energy's Application for a Partial Exemption from Pipeline Route Selection Procedures.⁴

On October 18, 2016, the Commission released notice of the Public Information meeting on Xcel Energy's application for a Route Permit for the Black Dog Natural Gas Pipeline Project. On November 2, 2016, Commission staff held a public information meeting to solicit input on the application at the Burnsville City Hall – Council Chambers. Following the public meeting, a comment period was held open until November 30, 2016.⁵

Comments were received by the Metropolitan Council, Minnesota Department of Transportation (MnDOT), the Department of Natural Resources (MNDNR), the Minnesota Pollution Control Agency (MPCA), the city of Burnsville, the Lower Minnesota River Watershed District (LMRWD), and several members of the public.

On November 16, 2016, Xcel Energy filed a comment letter containing two revised maps in response to discussions with the City of Burnsville and comments from the public informational meeting; the first map shows an adjustment to the alignment (shifting the alignment approximately 20 feet to the north, away from private parcels) and the second map clarifying the anticipated tree clearing.⁶

On November 30, 2016, the Department (EERA) filed comments in which staff recommended a denial of the request for a partial exemption due to the outstanding issues identified during the comment period.⁷

On December 8, 2016, Xcel Energy submitted a letter seeking a waiver of the 90-day statutory deadline for a Commission decision on the partial exemption and stating that Xcel Energy plans to supplement the record to address issues raised by the Department of Commerce.⁸

The supplemental information was filed by Xcel Energy on December 21, 2016.⁹

On December 22, 2016, the Commission released notice of a second comment period (initial comments due January 9, 2017, and reply comments due January 16, 2017) on Xcel Energy's application for a partial exemption from pipeline route selection procedures.¹⁰

⁴ Commission Order Application Acceptance, September 30, 2016. eDocket No. 20169-125289-01.

⁵ Notice Public Meeting Xcel Energy's Application for a Partial Exemption from Pipeline Route Selection Procedures, September 18, 2016. eDocket No. 201610-125798-01.

⁶ Xcel Energy Comment Letter, November 16, 2016. eDocket No. 201611-126588-01.

⁷ Department of Commerce – EERA Comment, November 30, 2016. eDocket No. 201611-126879-01.

⁸ Xcel Energy Letter, December 8, 2016. eDocket No. 201612-127133-01.

⁹ Xcel Energy Supplemental Information, December 21, 2016. eDocket No. 201612-127491-01.

¹⁰ Notice Public Comment Period Xcel Energy's Application for a Partial Exemption from Pipeline Route Selection Procedures, December 22, 2016. eDocket No. 201612-127532-01.

On January 5, 2017, the Commission took up the matter on what action the Commission should take in regard to the partial exemption application and Xcel Energy's filing waiving the 90-day statutory deadline. The Commission took no action on the matter, opting to allow the process to continue and for the matter to come before the Commission once the current comment period has expired.

On January 9, 2017, the Minnesota Department of Natural Resources submitted a letter stating that with the adoption of MNDNR's recommendations regarding potential impacts to calcareous fens, the Blanding's turtle, and songbird nesting the agency considers these issues resolved.¹¹

On January 9, 2017, the City of Burnsville submitted a letter stating that based on the supplemental information filed by Xcel Energy and commitments reach through negotiations with Xcel Energy, the City of Burnsville supports the proposed project.¹²

Staff Analysis and Comments

The DOC-EERA staff has reviewed the record to date, including the supplemental information submitted by Xcel Energy and the two comment letters (MNDNR and City of Burnsville) submitted during the most recent comment period. EERA staff believes that the *Supplemental Information for the Black Dog Natural Gas Pipeline Project*, including the *Additional Information Regarding Potential to Impact Water Resources*, has addressed the outstanding issues identified in EERA's letter dated November 30, 2016.

The supplemental information submitted by Xcel Energy indicates (a December 14, 2016, email from MnDOT) that MnDOT anticipates that Xcel Energy will be granted a MnDOT exemption letter and Utility Accommodation Permit once the Commission issues a pipeline routing permit for the Black Dog natural gas pipeline project.

While not responding to the supplemental information provided by Xcel Energy, nor during the recent comment period, the outstanding issues identified in the MPCA's letter of November 29, 2016, appear to have been addressed in said filing.

The MNDNR and the City of Burnsville comment letters speak for themselves; both entities support for the proposed project is contingent upon the implementation certain conditions. Xcel Energy has stated that it will comply with these conditions.

Staff Recommendation

The DOC-EERA staff recommends that the Commission grant the Partial Exemption from Pipeline Route Selection Procedures and issue a Pipeline Routing Permit to Xcel Energy for the Black Dog Natural Gas Pipeline Project.

Additionally, staff recommends that the Commission consider the following conditions (and special conditions) be incorporated into the Pipeline Routing Permit.

¹¹ MNDNR Comment Letter, January 9, 2017. eDocket No. 20171-127927-01.

¹² City of Burnsville Comment Letter, January 9, 2017. eDocket No. 20171-127932-01.

- The permitted route and alignment depicted in the Pipeline Route Permit should reflect the revisions made in Xcel Energy's November 16, 2016 filing.
- As a special condition, the Pipeline Route Permit should specify that the Stormwater Pollution Prevention Plan (SWPPP) clearly state that construction stormwater may not be discharged to any fen and that if dewatering is determined to be necessary the permittee shall consult with the DNR to determine if a Fen Management Plan is required.
- As a special condition, the Pipeline Route Permit should specify the use of wildlife-sensitive erosion control materials be used and that all construction contractors be instructed on the potential for turtles to become trapped in trenches and precautions taken to ensure again entrapment before backfilling any trenches.
- As a special condition, the Pipeline Route Permit should specify that all vegetation management within the right-of-way occur outside of the songbird nesting season (mid-May through July).
- As a special condition, the Pipeline Route Permit should specify that the permittee obtain, from the City of Burnsville a Tree Removal Permit prior to the clearing of any trees.
- As a special condition, the Pipeline Route Permit should specify that the permittee obtain an easement for the pipeline from the City of Burnsville.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments and Recommendations**

Docket No. E002/GP-16-656

Dated this 13th day of January 2017

/s/Sharon Ferguson

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