

**Minnesota Public Utilities Commission**  
*Staff Briefing Papers*

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Meeting Date: December 19, 2013 ..... Agenda Item 4\*

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Company: Minnesota Power

Docket No. E015/GP-13-978

In the Matter of the Application of Minnesota Power for a Gas Pipeline Routing  
Permit for the Laskin Energy Center Natural Gas Pipeline Project

Issue(s): Should the Public Utilities Commission accept, conditionally accept, or reject the application filed by Minnesota Power for a partial exemption from pipeline route selection procedures and for a pipeline routing permit to provide natural gas for the Laskin Energy Center in Hoyt Lakes, Minnesota?

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**I. Relevant Documents**

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Minnesota Power – Initial Filing (5 parts) ..... November 13, 2013  
DOC EERA – Comments on Completeness .....December 4, 2013  
Minnesota Power – Reply Comments on Completeness .....December 9, 2013

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## **II. Statement of the Issues**

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Should the commission find the application complete and initiate the partial exemption pipeline procedures?

## **III. Project Background**

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On November 13, 2013 Minnesota Power filed an application for the Laskin Energy Center Natural Gas Pipeline Project under the Commission's partial exemption pipeline procedures found under Minnesota Rule 7852.0700.

Minnesota Power is proposing to construct an approximately 5,900-foot-long, 10.75-inch-outside-diameter, up to 1,480 pounds per square inch gauge (psig), natural gas pipeline from the Northern Natural Gas Pipeline to Minnesota Power's Laskin Energy Center in Hoyt Lakes, Minnesota. The requested route width is between 250 and 1,400-feet to provide flexibility for selection of centerline and construction right-of-way during the final pipeline design and field routing decisions.

The proposed route is located one mile west of Hoyt Lakes and traverses a developed area with existing infrastructure, including road and transmission line rights-of-way. The pipeline is expected to be placed immediately adjacent to an existing transmission line easement for much of its length. The majority of land (63 percent) crossed by the Project is owned by Minnesota Power, with the remaining 37 percent owned by the City of Hoyt Lakes. A total of 13.5 acres of land will be disturbed for the construction of the pipeline. The project calls for a 100-foot construction right-of-way consisting of a 75-foot temporary right-of-way and a 30-foot permanent right-of-way. The depth of the proposed pipeline trench will typically be three feet below existing ground surface except at locations where additional depth (4.5 feet) is required pursuant to Minnesota Statute 216B.07, Subd. 1.

Associated above ground facilities will consist of one 100 by 100 foot gas delivery station at the juncture of the pipeline and the Northern Natural Gas Pipeline. Associated appurtenances include valves and flanges; an in-line inspection tool launcher and receiver; cathodic protection; alternating current mitigation; gas delivery and odorization stations; and pipeline markers at various locations (e.g. road crossings).

The maximum designed capacity of the natural gas pipeline is 1,500 thousand standard cubic feet per hour (Mscfh) at up to 1,480 psig (pounds per square inch gauge). The proposed operating pressure of the pipeline will be from 0 to 1,480 psig.

The Project will allow for the conversion of the coal-fired station into a natural gas fired station. The total estimated cost of the proposed pipeline project is up to \$2 million. Construction has been targeted to begin as soon as August 2014 with a planned in-service date of May 2015.

#### **IV. Process Background**

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Minnesota Statutes, § 216G.02 requires a pipeline routing permit issued by the Commission to construct and install certain intrastate pipelines designed to transport hazardous liquids. 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 natural 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, it 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. Minnesota Power does not anticipate this project will cross any agricultural lands.

#### **V. Comments on Application Completeness**

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The Department of Commerce Energy Environmental Review and Analysis unit (EERA) conducted a completeness review of the Laskin Project application.

“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.”

Further the EERA unit provided an estimated budget for Commission approval.

“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.”

Minnesota Power filed a response on December 9, 2013 that indicated it agreed with the EERA staff analysis that the application was complete and its recommendation that the Commission find the application complete.

## **VI. Staff Discussion**

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Staff conducted a completeness review of the Application. Staff concludes that the applicant has complied with the application procedures of Minnesota Rules 7852.2000 and with the application content requirements of Minnesota Rules 7852.2100 to 7852.3000. Staff recommends the Commission find the application substantially complete.

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

The information gathered during the public meeting and comment period will 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.

Staff requests that Minnesota Power comply with requests for additional information from the Commission, the Department of Commerce EERA, and other interested persons.

Staff anticipates the project will follow a schedule similar to the chart outlined below.

<b>Estimated Timeframe</b>	<b>Process Step</b>
December 19, 2013	Commission Agenda Meeting on Completeness
Late December/Early January 2014	Commission Order on Completeness
Late December/Early January 2014	Notice of Public Information Meeting and Comment Period
January 22, 2014	Public Information Meeting (estimated date)
February 2014	Initial Comment Period Ends
Early March 2014	Reply Comment Period Ends
Late March/early April 2014	Commission Decision on Partial Exemption

Disclaimers:

1. Neither the DOC EERA nor the Applicant has reviewed or commented on this schedule. It is provided to outline the steps in the proceeding and an estimate of the length of the review process.
2. Staff does not believe this schedule should be 'approved' and it is provided here for discussion purposes only.
3. This assumes that the Commission agrees that the route permit application is at the December 19, 2013 Agenda Meeting.

Staff believes the EERA staff's estimated budget for this project is reasonable and recommends approval.

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**VII. Commission Decision Alternatives**

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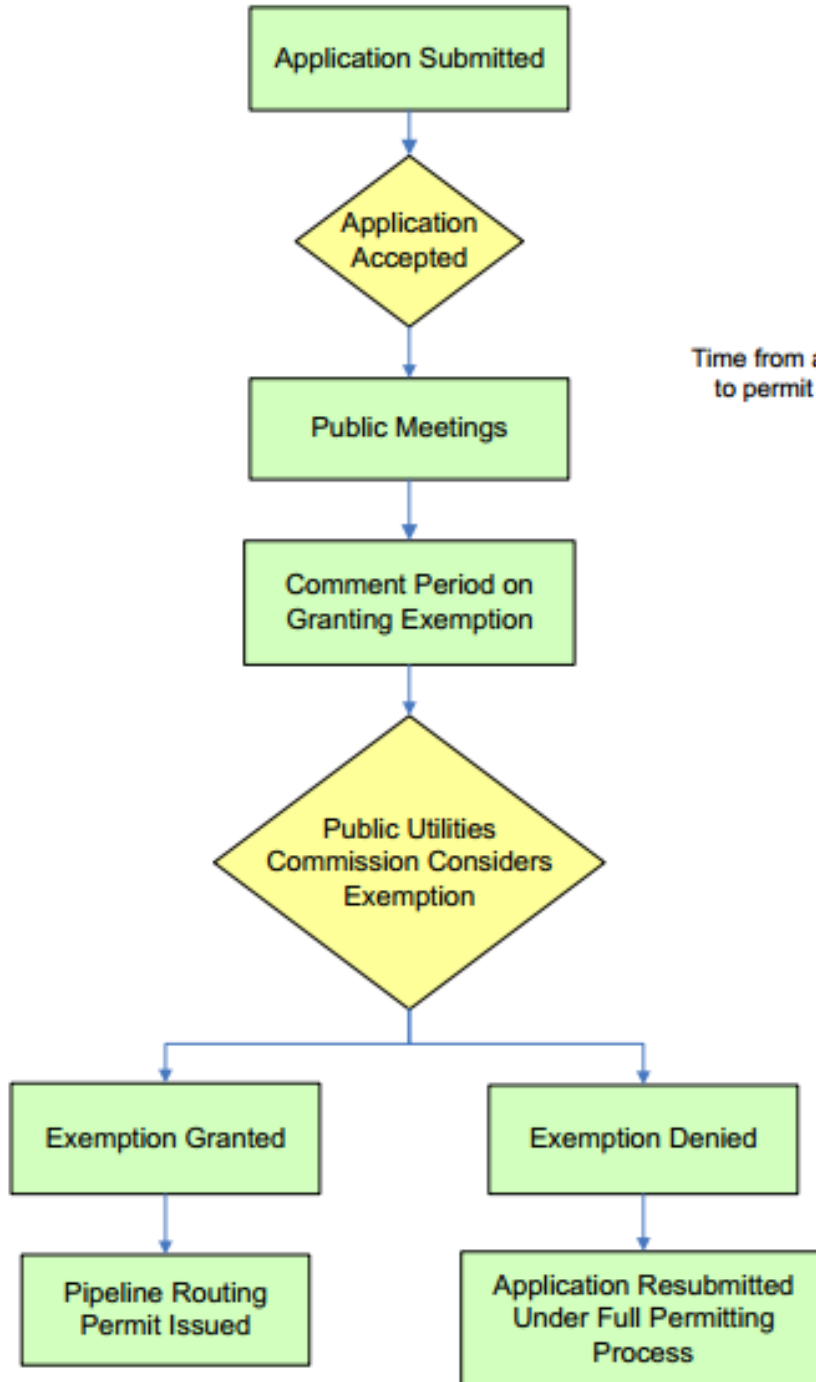
*Laskin Energy Center Natural Gas Pipeline Project Application*

- A. Accept Minnesota Power's application for a natural gas pipeline routing permit and partial exemption of pipeline route selection procedures for the proposed natural gas pipeline.
- B. Conditionally accept the application, and issue an order indicating which deficiencies, if corrected, will allow the application to be accepted.
- C. Reject the application as incomplete and issue an order indicating the specific deficiencies to be remedied before the application can be accepted or conditionally accepted.
- D. Approve the estimated budget proposed by the DOC EERA unit of \$30,000.
- E. Approve some other budget level.
- F. Make another decision deemed more appropriate.

**Staff Recommendation: A and D.**

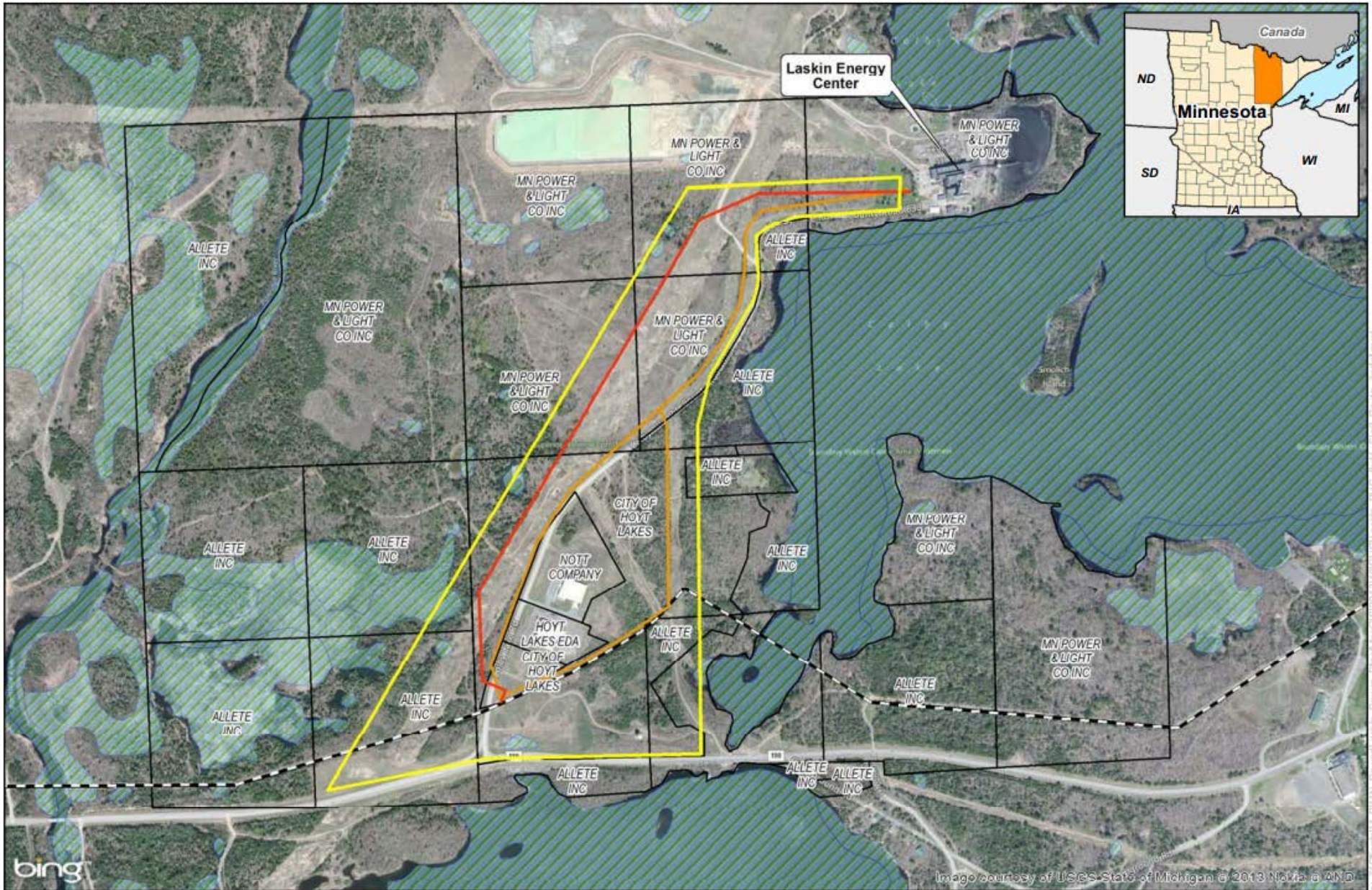
## Pipeline Routing – Partial Exemption Process

Minn. Rules 7852



### Timeline

Time from application acceptance to permit decision = 3 months



**Figure 2**  
**MN Power**  
**Laskin Pipeline Project**  
**Laskin Proposed Route - Aerial Photographic Coverage**  
**St. Louis County, Minnesota**

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

0 500 1,000  
 Feet  
 1 inch = 1,000 feet

Image courtesy of USGS State of Michigan © 2013 Nokia © AND