

December 6, 2018

PUBLIC DOCUMENT

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **PUBLIC Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G002/M-17-787

Dear Mr. Wolf:

Attached are **PUBLIC** Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

In the Matter of the Petition of Northern States Power Company, doing business as Xcel Energy, for Approval of a Gas Utilities Infrastructure Cost Rider True-up Report for 2016, Revenue Requirements for 2017, and Revised Adjustment Factors (*Petition*).

The *Petition* was filed on November 1, 2017 and supplemented on March 27, 2018 and May 29, 2018 by:

Amy Liberkowski
Manager, Regulatory Analysis
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, Minnesota 55401

Based on its review of the Company's *Reply Comments*, the Department recommends that the Minnesota Public Utilities Commission **allow Xcel to recover eligible project costs in its GUIC Rider, with modifications.**

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ DOROTHY MORRISSEY
Financial Analyst

/s/ DANIELLE WINNER
Rates Analyst

DM/DW/ja
Attachments



Before the Minnesota Public Utilities Commission

PUBLIC Response Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G002/M-17-787

I. SUMMARY

On November 1, 2017, Xcel filed its request for approval of a 2018 Gas Utility Infrastructure Cost (GUIC) Rider (*Petition*).

On March 27, 2018, Xcel filed a Supplement (Xcel Petition Supplement) in the instant *Petition* to incorporate the Commission's decisions in its *Order Approving Rider with Modifications*, issued on February 8, 2018 in Docket No. G002/16-891 (16-891 Order).

On May 29, 2018, per Commission Notice, Xcel filed supplemental comments to address rate treatment considerations in the 2018 GUIC Rider related to Xcel Gas's annual depreciation study approved in Docket No. E,G002/D-17-581.

On July 3, 2018, the Department's Comments (Department Initial Comments), as corrected, recommended approval of Xcel Gas's 2018 GUIC Rider proposal, with modifications.

On July 27, 2018, Xcel Energy filed its Reply Comments (Xcel Reply Comments), lowering its 2018 revenue requirement request to \$23.22 million¹, a \$1.14 million reduction to its March 27, 2018, supplemental filing request of \$24.36 million.

The Department reviewed Xcel's Reply Comments and the additional information. The following table lists each of the Department's initial-comments conclusions and recommendations, and indicates whether the Department considers the listed item as reasonably resolved.

¹ See [Xcel's Reply Comments, p. 2, Table 1.](#)

TABLE 1-RC

The Department recommended that Xcel provide the following in Reply Comments:	Status/Position:	Discussed in Section:
An updated forecast, without the historical monthly adjustment;	Completed/Not disputed	III.A
Clarification as to why forecasted sales for 2018 and 2019 are so much lower than actual sales reported in the GJAR for 2016 and 2017;	Completed/Disputed	III.A
The reporting required by Minn. Stat. § 216B.1635, Subd. 4 (2) (iii);	Completed/Not disputed	II.A
Clarify: 1) the extent to which the additional 207 miles of intermediate pressure pipelines are subject to MAOP regulations (49 CFR 192.619), and 2) any updates or other information on these lines that may be helpful;	Completed /Monitoring	IV.B
<p>Identify all completed and proposed GUIC projects that change the classification of the gas pipeline/plant system (i.e., from transmission to distribution or vice versa), explaining the characteristics that caused the reclassification.</p> <p>Detail the cost allocation treatment of that gas system infrastructure and its associated O&M costs between Minnesota and North Dakota before and after such classification change.</p> <p>Identify all NSP gas system integrity management projects undertaken or planned in North Dakota that affect the cost allocation treatment of that gas system infrastructure and/or associated O&M between North Dakota and Minnesota.</p>	Completed /Monitoring	IV.A

For the DIMP Poor Performing Main Unit Cost performance metric, provide an analysis of costs for each of the projects that have unit cost variances which exceed one standard deviation calculated without the outlier Downtown St. Paul project unit costs.	Completed /Monitoring	IV.C
The Department <i>initially</i> recommended that the Commission:	Status:	Discussed in Section:
Direct the Company to include the reporting required by Minn. Stat. § 216B.1635, Subd. 4 (2) (iii) in future GUIC rider petitions;	Not disputed	II.A
Require Xcel to include only incremental rate base amounts in its GUIC rider rate base. Alternatively, if Xcel Gas cannot reasonably determine the remaining book value of existing plant included in base rates since removed or retired due to GUIC projects, then direct Xcel Gas to do away with the adjustments to the GUIC rider accumulated depreciation reserve attributed to the removal costs of the old plant;	Not disputed	II.B
Require the Company to recalculate the incremental depreciation expense amount by accounting for the depreciation expense amounts included in base rates relevant to the plant assets replaced by (or retired through) the GUIC projects included in this rider. Any previously overstated revenue requirements should be credited back to ratepayers;	Not disputed	II.B
Direct the Company to incorporate and apply the Commission-decided depreciation factors in Docket E,G002/D-17-581, when calculating GUIC-projects' depreciation in this <i>Petition</i> ;	Not disputed	II.C

Require Xcel to recalculate the incremental property tax expense amount for all GUIC years by adjusting original cost of GUIC projects by the original cost of plant assets replaced by (or retired through) the GUIC projects in each year, prior to applying Xcel's calculated property tax rate. Any overstated revenue requirements should be credited back to ratepayers;	Not disputed	II.B
Maintain Xcel Gas's rider authorized Rate of Return at 7.02%;	Disputed	III.G
Direct Xcel to recover the 2018 GUIC Rider revenue requirement over a 12-month recovery period;	Not disputed	II.E
Direct implementation of the 2018 GUIC Rider to be effective no sooner than January 1, 2019 to recover the 2018 GUIC Rider revenue requirements over a 12-month recovery period (prorate ADIT issue);	Disputed	III.H
Consider limiting the "return on" the capital costs incurred to remediate the system's MAOP data gaps, to Xcel Gas's long-term debt costs;	Disputed	III.B
For the TIMP Island Line South Project, direct Xcel to exclude the \$0.6 million estimated costs of the ILI assessments to be performed on the Island Line South pipeline designated to be replaced and direct Xcel to remove the \$1.5 million cost overruns from the GUIC rider recovery;	Disputed	III.C
Require that the Langdon Line project amount includable in the GUIC rider rate base be adjusted and reduced by the project's cost differential between use of a 12-inch and an 8-inch pipe, should the Company elect to use a 12-inch diameter pipe instead of an 8-inch diameter pipe. Xcel estimated this cost differential to be approximately \$3.6 million;	Disputed	III.D

Direct Xcel to exclude \$420,000 of the H005 project costs be excluded from GUIC recovery rider;	Disputed	III.E
Direct Xcel to remove \$85,000 in costs incurred on low-risk infrastructure replacement costs that were not required by civic/public work requirements, nor required by government regulations;	Disputed	III.F
Allow no carrying charge on the GUIC tracker balance;	Disputed	III.K
Direct the Company to remove from the GUIC Rider \$8,276,882 in capital costs not already removed, unless the Company can adequately demonstrate that these costs are Minnesota-specific and incremental to costs captured in base rates;	Disputed/Recommendation Updated	III.J
Direct the Company to use a jurisdictional allocator for all costs identified in Attachment 20, Table 3 [of the Department's Initial Comments], unless the Company can provide invoices and work orders related to all of these charges;	Disputed/Recommendation Updated	III.I
Direct the Company to remove the work that is not Minnesota-specific, as identified by the Company in response to IR 62;	Not disputed	II.D
Require Xcel, in future GUIC filings, to present historical and projected GUIC revenue requirements, rates, and recoveries within a single tracker for each year;	Not disputed	II.F
Require Xcel to make a compliance filing showing the final rate-adjustment factors and all related tariff changes, within ten days of the date of the <i>Order</i> ;	Housekeeping, not disputed	II.F

If the 2017 GUIC rate and 2018 GUIC rate overlap, require Xcel to make a second compliance filing showing the final rate-adjustment factors in effect as of March 1, 2019, within 10 days of the rate change; in addition, require Xcel to include the Commission-approved billing message on customers' first bills to which the new rate applies.	Housekeeping, not disputed	II.F
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II. RESOLVED ISSUES

A. FILING REQUIREMENTS

The Department's Initial Comments concluded that Xcel's *Petition* omitted a report of the costs and salvage value associated with the existing infrastructure replaced or modified as required by Minn. Stat. § 216B.1635, Subd. 4 (2)(iii). The Department requested that the Company file the required information in its Reply Comments and recommended that the Commission direct the Company to include such reporting in future GUIC Rider petitions.

Xcel provided the required information in Attachment A to its Reply Comments. Xcel's Reply Comments explained how it quantified the information reported in its Attachment A, given that the retired assets had already been removed from its accounting system.²

The Department concludes that Xcel's Reply Comments reasonably satisfy this filing requirement. However, because this information is integral in developing and evaluating the reasonableness of requested rider recovery amount, the Department recommends that the Commission put the Company on notice that any future GUIC filings lacking statutory filing requirements will be subject to rejection.

B. INCREMENTAL COSTS

Per Minn. Stat. Section 216B.1635, the GUIC Rider should include only the *incremental costs* associated with GUIC projects. In Initial Comments, the Department pointed out that the Company's proposed rate base, depreciation expense and property tax amounts for rider recovery were not adjusted to reflect only incremental costs, therefore recommended that the Commission direct Xcel Energy to do so.³

² [Xcel Reply Comments, pp. 3-5.](#)

³ [Department Initial Comments \(July 3, 2018\), pp. 13-18.](#)

In its Reply Comments, Xcel Energy acknowledged that the GUIC projects *replace* existing assets, therefore made adjustments to rate base, depreciation and property tax in order to reflect only the incremental costs of the GUIC projects in its recovery request.⁴ Collectively, Xcel's calculated adjustments reduced the annual GUIC Rider revenue requirement by \$481,000 as shown in Table 2 on page 6 of Xcel's Reply Comments.

The Department concludes that this issue is now resolved and recommends that Xcel continue the practice of isolating only the incremental costs in future GUIC Rider cost recovery petitions.

C. DEPRECIATION RATES

The Department's Initial Comments recommended that the Company incorporate and apply the recent Commission-approved depreciation factors (in Docket No. E,G002/D-17-581), when calculating GUIC-projects' depreciation in this *Petition*.⁵ Xcel's Reply Comments concurred and in its Attachment B, Xcel revised its proposed revenue requirements.⁶ Xcel calculated that the impact of these new depreciation rates reduces its proposed rider revenue requirements by approximately \$540,000; however, the final impact arising from use of newly approved depreciation rates may change should the Commission's decision in this filing alter the final recoverable capital costs for GUIC projects.

The Department concludes that the issue regarding the appropriate depreciation rate to use in the GUIC Rider is resolved.

D. NON-MINNESOTA COSTS

The Department recommended that the Commission direct the Company to remove work that is not Minnesota-specific, as identified in the Company in its Response to Department Information Request (IR) 62. Both parties appear to support this approach, and so the Department considers this issue resolved.

E. RECOVERY PERIOD

Xcel's *Petition* requested to recover the 2018 GUIC Rider revenue requirements over an 8-month period. The Department recommended a 12-month recovery period, consistent with the Commission's prior decision in its 16-891 Order. Xcel's Reply Comments stated that it did not oppose the Department's recommendation.⁷ The Department recommends that the Commission adopt a 12-month recovery period.

⁴ Xcel Reply Comments, pp. 5-6.

⁵ Department Initial Comments (July 3, 2018), p. 17.

⁶ Xcel Reply Comments, p. 7.

⁷ Xcel Reply Comments, p. 23.

F. GUIC RIDER SCHEDULES, TARIFF SHEETS, AND CUSTOMER NOTICES

In its Initial Comments, the Department requested that, going forward, the Company work to put historical and projected revenue requirements, rates, and recoveries within a single tracker for each year. The Company agreed to work towards this end, and stated it would provide an updated format in its next GUIC Rider. The Department thanks the Company for its accommodation.

The Department also requested that, if any changes were approved to the proposed 2018 GUIC Rider revenue requirement, the Company make a compliance filing within 10 days of the written order date. The Company agreed to do so, and also stated that it could provide a similar filing and customer bill insert within 10 days of any rate changes. The Department thanks the Company and supports this course of action.

III. DISPUTED ISSUES

A. SALES FORECAST

In Initial Comments, the Department recommended that the Company remove an additional monthly historical adjustment from the sales forecast. The Company agreed to do so and filed updated forecast figures. The Department verified that the updated figures remove the historical adjustment, and so is satisfied that this issue is resolved.

The Department also asked Xcel to explain why the Company's projected 2018-2019 sales data used in the Company's forecast was significantly lower than the actual 2016-2017 data reported in Company's Gas Jurisdictional Annual Reports (GJAR). In Reply Comments, Xcel stated that this discrepancy was largely due to a projected decrease in the transportation classes. Specifically, the Company stated that there is a projected decrease in interdepartmental transportation gas sales used for electricity generation. The Company predicted that with the more efficient production of electricity at the Mankato and Black Dog plants, as well as the increase of renewables on the system, gas sales put towards electricity generation will decrease. Finally, the Company stated that in future GUIC petitions, it will include a discussion of any major drivers of gas sales increases or decreases in the forecast. The Department notes that, while it is possible that there may be a reduction in natural gas sales to the Mankato and Black Dog generation facilities, there are numerous factors that may affect the dispatch of those facilities by the Midcontinent Independent System Operator (MISO). Thus, the Department recommends that the Commission require Xcel to use the most recent 12 months of actual natural gas sales to allocate the costs across jurisdictions and classes. If there is a reduction in natural gas sales, that reduction would be reflected in subsequent GUIC factors.

B. DATA GAPS LEAD TO COSTS

The federal law 49 CFR 192.619, in effect since 1970, prohibits persons from operating segments of steel or plastic pipelines at a pressure that exceeds its maximum allowable operating pressure (MAOP). This same law prescribes how a pipeline's MAOP value may be established. Natural gas pipeline operators must be able to substantiate that its pipeline operating pressures are safe.

One of Xcel's Transmission Integrity Management Programs (TIMP) categories is *Programmatic Replacements and Maximum Allowable Operating Pressure (MAOP) Remediation*. Xcel stated that 21 percent of transmission pipeline did not meet federal requirements due to insufficient records⁸; thus, its MAOP initiative focuses on the requirement to have traceable, verifiable, and complete records of a pipeline's MAOP. The Department's Initial Comments concluded that inadequate data records is concerning, especially since data records were and continue to be within the control and responsibility of Xcel Gas's management. Therefore, the Department recommended that the Commission either limit the "return on" any approved recovery of MAOP remediation capital costs to debt cost rate, or not allow extraordinary rider ratemaking treatment for projects undertaken due to insufficient MAOP data.⁹

Xcel's Reply argued that rules that govern MAOP documentation have emerged only within the last few years and are more stringent than the rules that were in place when the majority of its system was constructed.¹⁰ The Department understands that the recent 2012 change directed the U.S. Department of Transportation to require pipeline operators to verify their MAOP records and report findings to the Pipeline and Hazardous Materials Safety Administration (PHMSA).¹¹ The Department agrees that rules may change over time, but MAOP record retention has been a requirement of pipeline operators since 1970;¹² therefore, it would seem that unless the Company has not conducted tests on its pre-1970 installed pipelines, since 1970 record retention requirements became effective, then the Company should have the documented records.

Evidently, Xcel's self-audit required by PHMSA has uncovered data gaps, such that Xcel cannot prove MAOP for certain pipelines, despite long standing requirements noted above to retain such records. It seems to the Department that having substantiated, objective MAOP records is fundamental to safe pipeline operations, protecting not only the liability of the utility and its operators, but the safety of those located near the pipeline infrastructure. Xcel should be held accountable for its responsibility to substantiate by objective data records that its pipelines are

⁸ Xcel Reply Comments, p. 8.

⁹ Department Initial Comments, p. 25.

¹⁰ Xcel Reply Comments, p. 8.

¹¹ Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Section 23.

¹² PHMSA has required since 1970 (49 CFR sections 192.517 and 192.603) that operators retain, for the useful life of the pipeline, records regarding the pipeline MAOP determination.

operated within safe operating pressures. The Department asserts that Xcel should not be afforded the opportunity to profit for doing less than the 1970 law required; to do otherwise would not be in the public interest. Thus, Xcel's Reply Comments have not persuaded the Department to change its recommendation to the Commission.

Therefore, the Department maintains its recommendation that the Commission limit the "return on" any approved recovery of MAOP remediation capital costs to debt cost rate, or consider disallowing extraordinary rider ratemaking treatment for projects undertaken due to insufficient MAOP data. Xcel's *Petition* (Attachment C1(e)) indicated that the total 2018 capital costs of MAOP projects is \$5.3 million for the *East County Line South St. Paul* renewal and \$0.5 million for the *County Road B NSP to Rice* pipeline replacement. In the upcoming years 2019-2020, an additional \$35.5 million in capital costs is estimated for the *County Road B NSP to Rice* pipeline project.

C. TIMP – ISLAND LINE SOUTH PROJECT

The Island Line pipeline is named as a project under two of the three Xcel TIMP programs: the *Transmission Pipeline Assessment* program and the *Programmatic Replacement/MAOP Validation* program. *Transmission Pipeline Assessments* entails health and condition assessments on gas transmission lines. *Programmatic Replacement/MAOP Validation* entails taking action to assure that pipeline MAOP is supported by records; Xcel's remediation of MAOP record deficiencies may lead to conducting pressure testing or pipeline replacement.

1. In Line Inspection (ILI) Assessment

The Department has concerns with respect to the prudence of incurring costs to assess pipelines also reported in another TIMP program as being replaced. The Department asked the Company through an Information Request (IR) to support why it would incur expenditures to conduct ILI assessments on a pipeline it plans to replace.¹³ The Company responded that based on the ILI assessment results the Company will either repair or proceed with replacement of the 1952 pipeline. The Department concludes that Xcel's response to the information request is *inconsistent* with another Xcel response source *and* with its filing, both of which convey that the Company plans to replace the pipeline.

First, in an email¹⁴ in which Xcel explained why the Island Line pipeline has different reported lengths under two separate TIMP Projects (1.9 miles under 2017 *Transmission Pipeline Assessment* program and 1.5 miles under the 2017 *Programmatic Replacement/MAOP Validation* program)¹⁵, Xcel explained that the 1.5 mile length of work consists of 0.34 miles of

¹³ DOC Attachment 15 to Department Initial Comments, pp. 1-2. Response to DOC IR No. 17 was issued February 9, 2018.

¹⁴ April 5, 2018 Email from Xcel, included on page 3 of DOC Attachment 15 to Department Initial comments.

¹⁵ *Petition*, Attachment C, pages 16 and 20, respectively.

pipeline that was replaced in 2017 and that **“the remaining 1.15 miles (6100 feet) of pipeline is slated to be replaced in 2018.”**

Second, within Xcel’s *Petition*, Xcel represents that the Island Line pipeline is being replaced. Specifically, Attachment C, pages 19-21, describes the 2017 *Programmatic Replacement and MAOP Remediation* listed projects. Therein, Xcel stated that the Island Line project entails construction activity “associated with the replacement of the Montreal Line South and the Island Line South.” Xcel quantified the original scope and cost estimate for the **Island Line South replacement** as 1.5 miles at a unit cost of \$920 per foot, but updated that amount to be “\$1,160 per foot for a total cost of \$9.2 million” (of which \$3.0 million is anticipated in 2017 with the remaining cost to occur in 2018). The total estimated cost of \$9.2 million is attained by multiplying the 7,920 feet (in 1.5 miles) by the estimated \$1,160 cost per foot; thus the project cost reflects replacement of the pipeline. Again, the *Programmatic Replacement and MAOP Validation* program projects are further detailed in Attachment C1(e); the Island Line project overview description states **“replace 7,900 feet of 20-inch”** pipe installed in 1952, located in Lilydale extending from Mendota Station to the Pickerel Lake. Attachment C1(e) identified the project’s progress in 2017 included pipe replacement (specifically, installing 2,100 feet of 20-inch pipeline, which retired 1,800 feet).¹⁶ (The measure 2,100 feet is equivalent to 0.4 miles; the 0.4 miles plus 1.5 miles “to be replaced”, sum to total 1.9 miles.)

In sum, Xcel’s Reply Comments state that the Company has not determined whether it intends to replace this portion of the line, so the assessment is necessary to remediate the current risks. However, as outlined above, Xcel’s Reply Comments statement directly conflicts with what Xcel stated in both its initial *Petition*’s details and email correspondence. Given the inconsistency across Xcel’s statements and the *Petition* (which Xcel’s Reply did not address), the Department concludes that recovery of the \$0.6 million ILI assessment through the GUIC Rider would not be reasonable.

In further review of the *Petition* and Xcel’s Reply Comments, the Department offers additional reasoning as to why \$0.6 million assessment should not be included in the GUIC Rider. With respect to Island Line pipeline assessment activity, in Attachment C2, on page 9 of the *Petition*, Xcel reports that the Island Line’s last assessment was conducted two years ago.¹⁷ Xcel’s Reply Comments stated that TIMP legislation requires operators to conduct assessments as often as necessary, with intervals not to exceed seven years, and asserts that ILI is the best available assessment option. The Department does not disagree with these two statements; however, Xcel’s *Petition* indicates that the Island Line was assessed two years ago and that legislation provides for several acceptable assessment methods that operators may use that meet and satisfy the periodic assessment requirement.¹⁸ Just because the assessment conducted on this

¹⁶ It is within DOC Attachment 15, page 3, where Xcel explained the overall length of the Island Line pipeline grew by 300 feet due to rerouting of segment previously located near railroad trestle.

¹⁷ *Petition*, Attachment C2, p. 9.

¹⁸ 49 CFR 192.937, subpart c.

pipeline two years ago may not have been an ILI, the method used was acceptable. Although the Company now has modified the pipeline to allow for use of ILI tools, the Company has not supported the inclusion of ILI assessment costs in the GUIC Rider since Xcel has not demonstrated that the pipeline is due for one.

In addition, Xcel's Reply argued for the inclusion of assessment costs stating that the Island Line project was scored as medium risk and that "medium risk projects qualify for GUIC recovery." It is not clear to the Department what reference Xcel relied on to declare that "medium risk projects qualify for GUIC recovery" and requests Xcel to identify the basis for its assertion. In addition, Xcel needs to demonstrate that the Company is not already recovering in base rates representative assessment costs for "medium risk" pipelines.

Even if Xcel could demonstrate that its internal scoring matrix is to be considered in ratemaking, there are concerns about the matrix. For example, according to Xcel's designed scoring matrix, any transmission pipeline located within a high consequence area would be scored "medium risk" at a minimum, regardless of if it were assessed one-month ago, or newly installed.¹⁹ Thus it is unclear how meaningful a "medium risk" score is under the matrix. In any case, the Department concludes that classifying a pipeline as "medium risk" under an internal Xcel matrix is not sufficient to demonstrate that the work performed is prudent or GUIC recoverable.

In conclusion, due to the inconsistency across Xcel's statements and the petition (which Xcel's Reply did not address) regarding Island Line pipeline replacement plan, plus the report that the last Island Line assessment occurred two years ago (well within the statutory time interval for assessments), along with the questionable "medium risk" score implication/significance, Xcel has not met its burden to support the inclusion of the \$0.6 million cost for ILI assessment of the Island Line in the GUIC Rider; therefore, Xcel has not persuaded the Department to change its initial recommendation. The Department continues to recommend that the Commission disallow the inclusion of \$0.6 million ILI assessment cost for the Island Line pipeline.

2. Cost Overruns/Water Pumping

In this *Petition*, the Company reported that the 2016 project cost incurred for the *Transmission Pipeline Assessment* - Island Line project totaled \$3.2 million²⁰, which exceeded its initial 2016 cost estimate of \$1.7 million²¹ by \$1.5 million, an 88 percent cost overrun.²² The Company stated that it ultimately managed the total project cost at \$3.8 million, attributing the significant cost increase to jobsite dewatering and environmental permit delays.²³

¹⁹ *Petition*, Attachment C2, pp. 9 - 10.

²⁰ *Petition*, Attachment C1(c), included as DOC Attachment 1-RC.

²¹ Provided in Docket No. G002/M-16-891 (Docket 16-891), Attachment B1(d), included as DOC Attachment 2-RC.

²² See Department Attachment 1-RC and 2-RC for the referenced 2017 and 2016 attachments.

²³ *Petition*, Attachment T, Footnote 1.

A comparison of Xcel's estimated TIMP Assessment capital outlay for the Island Line project between its current²⁴ and prior²⁵ petitions are provided in Table 2-RC below

TABLE 2-RC

TIMP Assessments – Island Line Project Capital Cost Estimate			
	Docket 17-787	Docket 16-891	Variance
2016	\$3,163,645	\$1,700,000	\$1,463,645
2017	\$300,000	\$350,000	\$(50,000)
2018	\$300,000	na	\$300,000
Total	\$3,763,645	\$2,050,000	\$1,713,645

The Department's Initial Comments concluded that the cost overrun had not been reasonably supported by the Company, therefore the cost overrun should be excluded from GUIC Rider recovery.

Xcel's Reply Comments argued that recovery of project costs depends on the prudence of those costs rather than the accuracy of an initial forecast.²⁶ Xcel maintained that the materially higher costs were incurred due to weather issues and permitting delays. Xcel stated that the Commission has allowed cost overruns to be recovered with proper documentation and explanation;²⁷ however, the Company cited to a certificate of need granted to ITC Midwest, a utility with rates under the jurisdiction of the Federal Energy Regulatory Commission, not the Minnesota Commission. In keeping with Minnesota Statute § 216B.03, holding utilities financially accountable is a critical goal to ensure that rates are reasonable.

As stated in the Department's Initial Comments, the Department requested and reviewed correspondence and invoices for this project (DOC IR 56); however the information Xcel provided did not support the \$1.5 million cost increase. Specifically, Part A of the IR asked Xcel to provide copies of all correspondence that addressed weather and/or permitting issues leading to project delays. In Part E of the IR, Xcel was requested to provide copies of all invoices related to increased capital expenditures due to significant pumping and/or permitting issues. The Department includes IR 56 as DOC Attachment 3-RC to these response comments.

²⁴ DOC Attachment 1-RC.

²⁵ DOC Attachment 2-RC.

²⁶ Xcel Reply Comments, p. 10.

²⁷ Ibid

In Xcel's prior petition, the Island Line TIMP Transmission Assessment project cost presented in its 2016 filing (Docket 16-891) had an estimated capital cost total of \$1.7 million, of which only \$15,000 was for internal labor.²⁸ Xcel provided the \$1.7 million cost estimate breakdown as follows:

Outside Engineering	\$72,000
Outside contractors	\$1,205,431
Internal Labor	\$15,000
Materials	\$407,569

Xcel's response to information request Department IR 56 provided invoice support of the Island Line assessment work conducted in 2016, which totaled approximately \$1.9 million. From the Department's review of these invoice documents, the breakdown of the \$1.9 million costs consists of the following:

Outside Engineering	[TRADE SECRET HAS BEEN EXCISED]
Outside contractors ²⁹	[TRADE SECRET HAS BEEN EXCISED]
Materials	[TRADE SECRET HAS BEEN EXCISED]

When comparing the documented \$1.9 million total to Xcel's 2016 cost estimate of \$1.7 million less the estimated \$15,000 internal cost (or a \$1,685,000 result), the cost variance between the actual and the estimate is only \$193,282 (or approximately \$0.2 million).

As stated earlier, Xcel attributed excessive jobsite dewatering activity and permitting delays as the reasons why actual costs for this project vastly exceeded its projections. However, the excess cost incurred in 2016 and supported by Xcel, when the rainy weather events occurred, amounted to only \$193,282 above its \$1.7 million estimate. Consequently, the invoiced contract work incurred in 2016, which included the dewatering activity, accounts for only \$0.2 million of the excess cost. In this filing, Xcel reported that the total 2016 costs for the Island Line assessment project totaled nearly \$3.2 million, or about \$1.5 million over its original estimate of \$1.7 million. The documents provided by Xcel support a cost overrun of \$0.2 million, thus do not validate Xcel's stated overall 2016 project cost overrun of \$1.5 million. Therefore, the Department concludes that Xcel did not demonstrate the reasonableness of the stated Island Line TIMP Assessment project cost overruns, and recommends that the Commission direct Xcel to remove the unsupported cost overruns from the GUIC Rider. The Department calculated this to be an approximate reduction of \$1.3 million (\$3.2 million less \$1.9 million) to GUIC Rider plant capital.

²⁸ Docket No. G002/M-16-891, Attachment B1(d), included as DOC Attachment 2-RC.

²⁹ *Outside contractors* includes labor, equipment, permitting and project management.

D. DISTRIBUTION INTEGRITY MANAGEMENT PROGRAMS (DIMP) – LANGDON LINE PROJECT

Xcel's Langdon Line project replaces six miles of varied diameter pipe (12-inch, 8-inch and 6-inch) distribution pipeline that lies parallel to Highway 61 from Cottage Grove to St. Paul Park.³⁰ Xcel proposed to use 12-inch pipe for this project, estimated to cost \$12.5 million, of which approximately \$11.8 million would be included in the 2018 GUIC Rider, after internal costs are removed.³¹ Through the Department's discovery, the Company stated that an 8-inch pipe would provide adequate service and reduce the project's installation cost by \$3.6 million.³²

Xcel argued that use of a 12-inch diameter pipe would allow for ILI to be used on the entire line. However, the Department understands that ILI tools are available for use within 8-inch diameter pipelines as well; the issue with ILI tools is that a single tool cannot inspect continuous lines with variations in diameter of more than two inches. Therefore, ILI technology can be used within this six-mile stretch of pipeline whether the uniform diameter installed is 12-inch or 8-inch pipeline. In fact, for a different GUIC project, Xcel asserted that a benefit of a shorter 3-mile pipeline replacement project, its *H005 – Lexington to Snelling* project, which involves the installation of both 8-inch and 12-inch pipelines, is that it will be made accessible to use ILI tools.^{33, 34} Therefore, the benefit of enabling use of ILI tools for the Landon Line six-mile project will not be compromised should an 8-inch pipe size be installed.

Further, according to Northern States Power Company Minnesota's 2017 report to PHMSA, of the 9,300 miles of distribution mains in Minnesota, only 128 miles (or less than 2-percent) of pipe consists of sizes larger than 8-inches in diameter.³⁵ Consequently, not only do the majority of Xcel Gas's distribution mains in Minnesota measure 8-inch or less in diameter size, the Company actively installs 8-inch diameter pipe in other parts of system planned for ILI tool use. It is Xcel's burden to support and justify that the full cost of its proposal to install the larger 12-inch pipeline for the Langdon Project is not a "betterment" to be eligible for recovery in the GUIC.

Given that an 8-inch pipeline would adequately serve this area at the lowest reasonable cost³⁶, is a size Xcel actively installs in Minnesota, and allows for use of ILI technology, the Department cannot recommend approval for full cost recovery of this project as proposed by Xcel through the GUIC Rider. Therefore, the Department continues to recommend that that the Commission

³⁰ *Petition*, Attachment D, p. 9.

³¹ Department IR No. 33 included as DOC Attachment 16 to Department's Initial Comments.

³² Department IR No. 31 included as DOC Attachment 17 to Department's Initial comments.

³³ *Petition*, Attachment D, pp. 10-11.

³⁴ In Department IR No. 32 response regarding a different pipeline replacement project (H005 – Lexington to Snelling), the Company indicates use of both 8-inch and 12-inch pipe for that project will allow for use of ILI technology. Department IR No. 32 was included as Attachment 18 to Department's Initial Comments.

³⁵ *Gas Distribution Annual Data – 2010 to present*, available at <https://cms.phmsa.dot.gov/data-and-statistics/pipeline/gas-distribution-gas-gathering-gas-transmission-hazardous-liquids>

³⁶ Minn. Stat. § 216B.1635, subd. 5.

reduce the allowable recoverable costs through the GUIC Rider by \$3.6 million, the project cost differential between the use of a 12-inch versus an 8-inch diameter pipe. This recommendation does not preclude Xcel from requesting full project cost recovery in its next general rate case.

E. DIMP – LEXINGTON TO SNELLING PROJECT (H005)

Xcel is replacing the Lexington-to-Snelling distribution pipeline (H005) – a \$4.9 million project which is being constructed to allow for ILI tool use. Several customer service lines are directly connected to the existing pipeline. Xcel included in this project work activity to extend other pipeline facilities in order to relocate service lines, currently connected directly to the H005 pipeline, to a different part of its operating system, rather than reconnect them to the replacement pipe. Xcel estimated that \$420,000 of this project's cost is attributed to the extension construction activity to allow for service line relocation. Through discovery, Xcel stated that no regulatory directive prescribes that service lines cannot be connected to high pressure distribution pipelines; rather, the Company opted not to reconnect existing services to the H005 replacement pipeline.³⁷ Though ILI assessments can be conducted on pipelines while actively in service, Xcel indicated that large volume customers, if they remained directly connected to H005, may experience some service disruption during an ILI.³⁸

The Department referred to the GUIC statute, which guides the basis of work that is recoverable through this mechanism and concluded that the additional \$420,000 in costs should not be recoverable through the GUIC Rider because the expenditure is not within the statutory precept, Minn. Stat. § 216B.1635 Subd. 1(c)(2):

...replacement or modification of existing natural gas facilities, including surveys, assessments, reassessment, and other work necessary to determine the need for replacement or modification of existing infrastructure that is *required by a federal or state agency*.

Xcel's Reply Comments stated that the ILI work being undertaken is necessary to comply with regulations, therefore the Company "believes the transfer of services to another section of the system is based on requirements by a federal agency."³⁹ The Department notes that there are several acceptable assessment methods that satisfy federal requirements aside from ILI. Further, Xcel's Reply argument contradicts its own response to the Department's Information Request seeking regulatory directive support.⁴⁰

³⁷ Department IR No. 32.D included as DOC Attachment 18 to Department's Initial Comments.

³⁸ Department IR No. 32.B included as DOC Attachment 18 to Department's Initial Comments.

³⁹ Xcel Reply Comments, p. 12.

⁴⁰ Department IR No. 32.D included as DOC Attachment 18 to Department's Initial Comments.

The Department does not disagree that undertaking work to improve overall facility design concurrently with GUIC eligible work may be reasonable, but also concludes it is imperative to separate statutory-eligible rider recoverable activity from elective work activity. The Department recommends exclusion of the \$420,000 cost for work not required by federal or state agency from GUIC Rider recovery. However this recommendation does not preclude Xcel from requesting full project cost recovery in its next general gas rate case.

F. DIMP/TIMP – RIDER ELIGIBILITY FOR EXPENDITURES ON LOW-RISK INFRASTRUCTURE REPLACEMENT

The Department stated in its Initial Comments,

Xcel disclosed in response to DOC IR No. 35 that it included in the 2018 GUIC Rider costs incurred for low-risk distribution infrastructure replacement undertaken in conjunction with work activity for high risk remediation projects.⁴¹ Xcel explained that it opted to do this additional work to minimize disruption to the local community. The low-risk DIMP capital expenditures identified totaled approximately \$85,000. Because these expenditures on low-risk infrastructure replacement were elective, not supported by civic/public work requirements, nor required by government regulations, the Department recommends that Xcel remove these costs from the GUIC Rider.

Xcel's Reply Comments argued that "efficiencies are achieved by replacing small low-risk segments of pipeline that may exist in a block while contractors are already mobilized and on site to renew the high and medium risk pipeline."⁴²

The Department expects that Xcel would continue to undertake capital investment work on its existing system as part of the ordinary course of business. A representative level of costs for such work is already being charged to ratepayers through base rates and thus such costs are not be eligible to be charged to ratepayers again through the GUIC mechanism. Whether that low-risk work is carried out within a GUIC eligible project site/area or done geographically apart from GUIC project jobsite, low-risk infrastructure replacement not supported by civic/public work requirements or required by government regulations is not eligible for inclusion in the GUIC Rider. The proximity of low risk work to a GUIC-eligible project does not make low-risk project work eligible for inclusion in the GUIC Rider. Thus the Department continues to recommend that the Commission direct Xcel to remove from the GUIC Rider all costs expended

⁴¹ Department IR No. 35.A was included as DOC Attachment 12 to the Department's Initial Comments.

⁴² Xcel Reply Comments, p. 12.

on low-risk infrastructure modifications or replacement, including the identified \$85,000 related to DIMP projects.

G. RATE OF RETURN

In Initial Comments, the Department recommended that the Commission maintain the rate of return (ROR) of 7.02% from the prior year's GUIC Rider.

In Reply Comments, Xcel disagreed, pointing out that the Department has supported updating the return on equity (ROE) in past years. Xcel stated that changes in the market over the past year support its request for an increase in ROE. In particular, Xcel points out that it is reasonable for the Commission to increase the ROE because the past year has seen multiple increases in interest rates by the Federal Reserve, which correspond to an increase in government and corporate bond yields.

While certain market conditions may vary between yearly GUIC filings, it is not an appropriate or necessary use of Company, Department, or Commission resources to analyze and update the GUIC Rider ROR every year. Nor does the GUIC statute require such annual analyses. Instead, the GUIC statute directs the Commission to set the ROR at the level approved in the Company's last rate case, unless the Commission determines that a different rate is in the public interest.⁴³ The Department supported the Commission's requirement for Xcel to update the ROR in 2016 in its Order in Docket No. G002/M-14-336, which required Xcel to file ROR information for the 2016 GUIC Rider.⁴⁴ It was logical to update the GUIC ROR in 2016 because a significant amount of time had elapsed since the Company's rate case, accompanied by a significant change in market conditions.⁴⁵ Xcel again filed ROR information in 2017 (Docket No. G002/M-16-891), although that year it was not required by the Commission. The Department provided an extensive review of the 2017 information and recommended an updated rate of return.

Nonetheless, it is not a reasonable use of limited regulatory resources to provide annual updates of rates of return on numerous rider petitions that are filed by Xcel and other utilities. Given that the Commission only recently determined the ROE in the 2017 GUIC Rider, the Department recommends that the Commission use that most recently established ROE.

Keeping the 2018 GUIC ROR at the approved 2017 levels is a more efficient use of party resources, is consistent with the GUIC statute, and allows for consistency with other riders and within the GUIC. The Department further concludes that the Company has not demonstrated how changing the ROR from the level set by the Commission for Xcel's 2017 GUIC would be in the public interest.

⁴³ Minn. Stat. § 216B.1635, subd. 6.

⁴⁴ [Commission Order issued January 27, 2015 approving rider with modifications in Docket No. G002/M-14-336.](#)

⁴⁵ Docket No. G002/M-15-808.

Therefore, the Department continues to recommend that the Company maintain ROR at the level approved in the 2017 GUIC Rider.

H. PRORATED ADIT AND RATE EFFECTIVE DATE

In order to avoid harm to ratepayers arising from prorating accumulated deferred income tax (ADIT) when using future test year for rate development, the Department recommended that the Commission direct that the implementation of the 2018 GUIC Rider rate would occur no sooner than January 1, 2019. Rather than delay rate implementation, Xcel's Reply Comments proposed a month-based test period alternative that the Company apparently believed would not violate the Internal Revenue Service (IRS) tax normalization requirements, while minimizing impact on revenue requirements. For 2018, Xcel's proposed methodology reduced the prorated ADIT revenue requirement impact to \$150, to avoid the otherwise calculated \$26,416 prorated ADIT impact on revenue requirements using the typical 12-month test year approach. If the Commission accepted this proposal for the 2018 GUIC Rider, Xcel committed not to use such a decision as a precedent argument in future proceedings.

The Department maintains its recommendation to implement the GUIC Rider recovery rate at least one day after the test period; this is a known IRS-endorsed approach that avoids any need for proration of ADIT, prevents harm to ratepayers and will not violate IRS tax normalization rules. The Department also highlights that the GUIC Rider mechanism is not mandated, rather it is an *optional* tool available to Minnesota regulated natural gas utilities; the Company could opt to file a general rate case. Further, the prorated ADIT concern was an issue in Xcel's last GUIC petition, in which the Commission decided⁴⁶,

The Commission denies Xcel's proposed accumulated deferred income tax (ADIT) proration for the forecasted year in the instant petition, and instead determines that the Company's 2017 GUIC rider must not be effective prior to January 1, 2018.

The prorated ADIT issue has been an issue in other recent Xcel rider petitions. Included below are additional Department arguments for implementing the rate at least one day after the test period, which also apply here. In the Department's July 5, 2018 filed comments in Xcel's State Energy Policy (SEP) Rider petition, Docket No. G002/M-18-184, the Department reasoned that adoption of its recommendation is preferred because:

- Xcel's proposed monthly method is needlessly complex [and] difficult to monitor [...] By contrast, as discussed below, the Internal Revenue Service (IRS) has already provided a simple and reasonable means by which the rider can go forward

⁴⁶ [Commission Order issued February 8, 2018 approving rider with modifications in Docket No. G002/M-16-891.](#)

without ADIT proration. Again, while the Department appreciates that Xcel tried to minimize the effects of ADIT proration on ratepayers, the significant and needless degree of complexity in Xcel's new method would require excessive resources to implement and monitor, year after year.

- Xcel's statement that "the Company has no particular interest in the provision other than it is required in order to preserve the significant deferred tax benefits for our customers" is not accurate, for two reasons. First, the Company clearly stands to financially benefit from charging higher rates to its ratepayers when ADIT is prorated. Second, the Company is not required to prorate ADIT to preserve tax benefits. Xcel ignores the fact that the IRS, which Xcel Gas appropriately cites as the authority requiring ADIT proration to preserve normalization, has been abundantly and repeatedly clear that "if rates go into effect after the end of the test period, the opportunity to flow through the benefits of future accelerated depreciation to current ratepayers is gone, and so too is the need to apply the proration formula." Thus, Xcel Gas is not required to prorate ADIT when the rider is implemented after the test period.
- The Company's statement that "without changing the law or regulation, the Company sees no way to avoid this circumstance" is at odds with the fact that, as noted above, the IRS has already provided a means by which Xcel Gas can charge higher rates to its ratepayers through a rider, without violating any IRS requirements. Implementing the rider after the test period allows the Company and its customers to benefit; the Company benefits from the extraordinary ratemaking treatment of a rider rather than a rate case whereas the Company's ratepayers are given the full credit they deserve from the reduction in rate base from ADIT without any of the issues caused by proration.
- Xcel Gas's concern about a minor delay in recovery of costs ignores the fact that recovery of costs through riders is extraordinary ratemaking as it would allow recovery of costs that would normally be recovered during a rate case, only after the utility demonstrates that the facilities are used and useful and all costs are prudently incurred. Thus even using historical

data would result in recovery earlier than would regularly be expected.

- Xcel Gas also ignores the small benefit that its ratepayers receive as a result of this minor (one-year or less) delay, compared to the ordinary, reasonable process whereby utilities are responsible for costs until the facilities are in place, used and useful, and shown to be reasonably incurred. As the National Regulatory Research Institute explained in its October 2009 webinar and report, “The Two Sides of Cost Trackers: Why Regulators Must Consider Both,” Ken Costello pointed out that riders “weaken the incentive of a utility to control its costs”. This report stated the following benefits of the lag:

Economic theory predicts that the longer the regulatory lag, the more incentive a utility has to control its costs; when a utility incurs costs, the longer it has to wait to recover those costs, the lower its earnings are in the interim. The utility, consequently, would have an incentive to minimize costs.

Based on the above reasons, the Department concludes that the IRS’s solution of waiting until the end of the test period to implement rates is a reasonable, straight-forward and accurate fix for these problems and eliminates the need to prorate ADIT. Therefore, the Department recommends that the Commission direct that the implementation of the 2018 GUIC Rider rate to occur no sooner than January 1, 2019.

I. JURISDICTIONALLY UNCLEAR OPERATIONS AND MAINTENANCE (O&M) COSTS

In its Initial Comments, the Department conducted a jurisdictional review of the Company’s contracts, data, and invoices, in response to concerns raised in Xcel’s 2017 GUIC Rider proceeding, Docket No. G002/M-16-891. As described in Initial Comments, the Department conducted a three step jurisdictional inspection of contract-specific or vendor-specific GUIC costs to ensure that all costs incurred were within Xcel’s Minnesota jurisdiction. As a result of that process, the Department concluded that there was \$2,994,264 of O&M costs that were jurisdictionally unclear because these costs were under contracts that contained Minnesota and non-Minnesota jurisdictions, in conjunction with less jurisdictionally robust Company data.⁴⁷ As

⁴⁷ While there were many costs covered under multi-jurisdiction contracts, most of these costs could be determined as being MN-specific due to robust data. These costs were therefore not at issue. A discussion of what the Department considered to be “robust” data can be found in the Department’s corrected Comments, p. 32.

a result of this review, the Department recommended that the Commission require Xcel to use a jurisdictional allocator for those costs, or provide invoices and work orders related to those jurisdictionally unclear charges.

In response to the Department's recommendation, the Company provided copies of invoices in Attachment D to the Company's Reply Comments. The Department reviewed these invoices, and concludes that most of the costs are largely MN-specific.⁴⁸ The only remaining costs from the initial list that appeared to be jurisdictionally unclear were costs paid to **[TRADE SECRET DATA HAS BEEN EXCISED]**. These costs were minimal at \$6,550, but Xcel could not identify the costs as MN-specific in either the vendor's contract or invoices, or the Company's data. Costs paid to this vendor were also flagged in the Department's Initial Comments.

The Company's contract with this vendor focused on software costs and included Xcel affiliates across all of the Company's jurisdictions.⁴⁹ Since software costs across all Xcel jurisdictions were also at issue in Xcel's 2017 GUIC filing, and in that docket the Commission ordered the Company to use the Department's two-step jurisdictional allocator, the Department concludes that this allocation method is also appropriate in this case.⁵⁰ Therefore, the Department recommends that the Company apply the same two step jurisdictional allocator used for software costs in the 2017 GUIC Rider to \$6,550 of O&M costs attributable to this vendor.

J. INTERNAL CAPITALIZED COSTS

In Initial Comments, the Department noted that \$8,276,882 million in internal capitalized costs was not included in the Department's jurisdictional review because these costs could not be traced back to a particular contract. These costs were labeled: Overheads, Cost in Aid of Construction (CIAC), Materials, Other, Transportation, Company Labor Loadings, Company OT Labor, and Company ST Labor. The Department concluded in its Initial Comments: "Ultimately, the Department was unable to verify that these costs were actually specific to work performed in Minnesota, or even truly incremental to costs already recovered in base rates."⁵¹ The Department asked the Company to demonstrate how these costs were MN-specific and incremental to costs represented in base rates.

⁴⁸ There was a small number of invoices where the address was incomplete, and so the Department was unable to definitively verify that these were MN-specific costs. However, these were few in number, for smaller dollar costs, and other aspects of the invoices (such as the pricing) were identical to MN-specific invoices, so the Department determined these not to be at issue in this proceeding. However, Xcel should continue to improve its record-keeping.

⁴⁹ This contract can be found in the Trade Secret version of the Company's Response to Department IR No. 62, Attachment C, p. 796.

⁵⁰ [Commission Order issued February 8, 2018 approving rider with modifications in Docket No. G002/M-16-891.](#)

⁵¹ Department Initial Comments, p. 31.

In Reply Comments, Xcel clarified that only \$7,787,034 million of the approximately \$8.3 million identified by the Department was actually included in the GUIC Rider request because \$0.5 million in costs with a "Labor" label had been backed out. Xcel argued that, aside from this \$0.5 million, all non-contract work identified by the Department is GUIC Rider-eligible because the capitalized costs support specific GUIC projects. The Company stated: "In particular, we note that the remaining costs are directly related to the same projects underlying the \$17.4 million in capital costs approved by the Department. In other words, the remaining costs are for materials, CIAC, overhead, and other charges for items that directly support the vendor work for which the Department takes no issue."⁵² The Company provided a table demonstrating this concept in Attachment C of its Reply Comments, which the Department has copied below:

Internal Labor Capital Costs. Not GUIC Eligible												
Work Order Number	Project Description	Outside Vendor Contract	Overheads	CIAC	Material	Other	Transportation	Subtotal (GUIC Eligible Capital Costs)	Company Labor Loadings	Company OT Labor	Company ST Labor	Total Capital Costs
E.0000002.005	DIMP Service Renewals	\$ 1,473,631	\$ 389,436	\$ (79)	\$ 93,452	\$ 93	\$ 74	\$ 1,956,606	\$ 1,109	\$ 429	\$ 4,176	\$ 1,962,321
E.0000002.043	NSPM Programmatic Service Repl	724,927	221,449	2,637	50,465	282	6,010	1,005,770	4,830	3,455	14,160	1,028,215
E.0000002.053	NSPM Programmatic Service Repl	5,921	2,055		1,464		2,294	11,733	5,572	3,779	12,072	33,157
E.0000002.056	NSPM Programmatic Service Repl	(935)	841		2,720			2,626		0		2,626
E.0000004.019	TL0206 High Bridge Lateral Rplc	(29,446)	(16,573)		(5,005)	(1)	(32)	(51,057)	(79)	(55)	(204)	(51,394)
E.0000004.048	NSPM Pipe Trans and IMP - Dist FERC Acct	4,029,425	1,085,514		419,755	243,889	301	5,778,884	10,004	7,435	29,015	5,825,338
E.0000004.054	NSPM Install 6" and 4" Distr	4,263	4,030		516	247	661	9,717	1,886	86	3,533	15,222
E.0000004.064	Repl 12in Upper55 to SSTPaul R	83,158	45,058			129,982	528	258,726	3,128	182	6,345	268,382
E.0000004.075	NSPM Install 6" and 4" Distr	1,888	1,098		(333)	3,143		5,796	98			5,894
E.0000007.002	MNGD Main Renewal-MN	4,719,602	1,162,413		103,989	12,453	154	5,998,612	5,634	5,030	14,842	6,024,117
E.0000007.006	Sartell Bridge Replacement	567,593	241,821		7,684	231	(75,703)	741,626	1,469	1,684	3,281	748,060
E.0000007.045	NSPM Programmatic Main Replace	3,786,852	1,264,740		384,104	17,846	(76,739)	5,376,803	5,040	1,674	12,377	5,395,894
E.0000007.053	IP Line Assessments	105,942	30,184			16,563		152,689	4,029	936	8,897	166,550
E.0000007.060	NSPM Programmatic Main Replace	52,225	35,403		25,514	18	6,130	119,290	14,652	7,499	33,337	174,778
E.0000007.067	NSPM Programmatic Main Replace	24,941	6,223		183	175	385	31,908	771	92	2,010	34,780
E.0000008.002	MNGM Main Reinforcement-MN	69,975	65,700		98,845	12,403	3,845	250,768	26,456	21,154	67,394	365,772
E.0000008.050	Emergency Valve Replacement	22,774	7,495		18,615	-	3,430	52,314	4,824	4,564	12,486	74,188
E.0000009.018	High Bridge Lat Replace Dist Reg	2,026	1,284		0			3,310				3,310
E.0000018.041	ASV/REV Installation on High Pr	17,918	17,567		203,445	459	1,093	240,482	6,585	2,629	15,018	264,714
E.0000018.052	NSPM TIMP Mitigation of ILI Re	905,133	42,135		19,297	449	5,526	972,540	8,808	1,441	36,735	1,019,525
E.0000030.001	East Metro Pipe Replac. Proj H		35		1,973	766		2,774				2,774
E.0000030.002	EastMetro Pipe Repla. Proj Dis	572,895	17,366		11,483	1,101	689	603,534	2,540	3,386	10,499	619,958
E.0000030.004	East Metro Pipeline Replacement				(260)			(260)				(260)
E.0010011.003	Programmatic Main Replacement - Mains	103,670	218,579		67,082	725,728		1,115,060	575	540	1,151	1,117,326
E.0010011.004	Programmatic Main Replacement - Services	122,362	101,807		1,033	271,003		496,205				496,205
E.0010011.005	NSPM Install 6" and 4" Dist. Valves	19	6,626		10,057	632		17,334	6,130	6,166	16,557	46,187
Grand Total		\$ 17,366,758	\$ 4,952,287	\$ 2,558	\$ 1,516,080	\$ 1,437,464	\$ (121,355)	\$ 25,153,791	\$ 114,062	\$ 72,105	\$ 303,682	\$ 25,643,640

The following table summarizes Xcel's Attachment C Table, showing that only the internal capitalized costs of Overheads, CIAC, Materials, Other, and Transportation were included in the 2018 GUIC Rider request:

Outside Vendor Contract	\$17,366,758
Overheads	\$4,952,287
Cost In Aid of Construction (CIAC)	\$2,558
Materials	\$1,516,080
Other	\$1,437,464
Transportation	\$(121,355)
Subtotal Capital Costs (GUIC Eligible)	\$25,153,791
Company Labor Loadings	\$114,062
Company OT Labor	\$72,105
Company ST Labor	\$303,682
Total Capital Costs	\$25,643,640

⁵² Xcel Reply Comments, p. 14.

The Department appreciates the Company's clarification and additional information, and agrees that internal labor costs must be removed from the GUIC. In light of this information, the Department revises its recommendation to support recovery of Materials and CIAC through the GUIC, since it is reasonable to expect that those costs are incremental to the costs recovered in base rates. However, costs for Overheads, Other, and Transportation, a total of \$6,268,396, should be removed from the rider since the Company is already recovering representative amounts of these costs in base rates.

The Commission has generally not allowed recovery of internal capitalized costs outside of rate cases.⁵³ As the Commission explained in one of its orders:

When Xcel employees are involved in the construction of new facilities, the Company treats their salaries as a capital cost rather than an operation and maintenance (O&M) expense. Xcel included approximately \$1.5 million of capitalized internal labor costs for recovery in its proposed 2012 TCR rider.

The Department recommends that the Commission exclude these costs from rider recovery because representative amounts are already being recovered from ratepayers through base rates. Xcel

⁵³ For example, the Commission denied recovery of internal costs in a rider outside of a rate case in:

- Docket No. E017/M-09-1484. In the Matter of Otter Tail Power Company's Request for Approval of its 2010 Renewable Resource Cost Recovery Adjustment Factor; specifically DOC comments dated March 17, 2010 and July 9, 2010. In its Order dated August 27, 2010, the Commission denied Otter Tail Power Company's request to include capitalized labor and internal costs, subject to future true-up if the Commission determined in Otter Tail's then-pending rate case, Docket No. E-017/GR-10-239, that the amount should be included.
- Docket No. E002/M-09-1488. In the Matter of Xcel Energy's Petition for Approval of Two Proposed Energy Innovation Corridor Projects in the Central Corridor Utility Zone and Deferred Accounting Treatment for Costs Incurred After January 1, 2010; specifically the Commission decided not to determine cost recovery in the rider, sending those issues to Xcel's then-pending rate case, Docket, No. E002/GR-10-971.
- Docket No. E015/M-10-799. In the Matter of Minnesota Power's Petition for Approval of its Transmission Cost Recovery Rider; the Commission's May 11, 2011 Order required Minnesota Power to exclude internal costs from the rider.
- Docket No. E015/M-11-695. In the Matter of Minnesota Power's Petition for Approval of its 2011 Transmission Cost Recovery Rider Factor; the Commission's May 11, 2011 Order required Minnesota Power to exclude internal costs from the rider. The Commission's November 12, 2013 Order required Minnesota Power to "continue to exclude internal capitalized costs" from riders.
- Docket No. E002/M-12-50. In the Matter of Xcel Energy's Petition for Approval of 2012 Transmission Cost Recovery (TCR), Project Eligibility, TCR Rate Factors, and 2011 True-up; the Commission's February 7, 2014 Order required Xcel to remove capitalized costs from the rider.
- Docket No. E017/M-13-103. In the Matter of Otter Tail Power Company's Request for Approval of a Transmission Cost Recovery Rider Including the Proposed Transmission Factor for the Recovery Period from May 2, 2013 to April 30, 2014; the Commission's March 10, 2014 Order required Otter Tail Power to exclude internal costs.

argues that none of the capitalized costs being requested for recovery in the 2012 rider were recovered in the base rates established in the Company's 2011 rate case. The Department agrees that the *specific* costs of projects completed after 2011 were not included in the 2011 test year but maintains that a representative amount of capitalized internal labor costs were included in 2012 base rates.

Xcel has not shown that capitalized labor costs are not being recovered through base rates.⁵⁴

In other words, a primary concern is that a utility could expense its employee internal labor in a rate case, then later capitalize that same labor in a rider, thus charging ratepayers for those same internal labor costs twice. The effect is that in base rates, the utility would earn a return *of* this labor as an operating expenses; in the rider, the utility would earn both a return *of* this labor as a depreciation expense and a return *on* this rider through a return on rate base. Thus, the Commission correctly disallowed double-recovery of those costs.

In the Order for Otter Tail's TCR Rider, the Commission twice made the argument that *any* rider proceeding is an inappropriate place for approving capitalized internal labor costs:

And the Department is also correct that this docket, like any rider update docket, is not an appropriate vehicle for making the exacting factual distinctions necessary to identify any internal labor costs not already included in base rates.⁵⁵

Nor does this, or any other rider proceeding, provide the comprehensive evidentiary development required to permit the Commission to make the factual determinations required to classify individual labor-cost accounts as subject to capitalization or expensing.⁵⁶

⁵⁴ Docket No. E002/M-12-50, Commission's February 7, 2014 *Order Approving 2012 TCR Project Eligibility and Rider, Capping Costs, and Modifying 2011 Tracker Report*, page 5. Footnotes omitted.

⁵⁵ Docket No. E017/M-13-103. In the Matter of Otter Tail Power Company's Request for Approval of a Transmission Cost Recovery Rider Including the Proposed Transmission Factor for the Recovery Period from May 2, 2013 to April 30, 2014. Commission Order dated March 10, 2014, Page 6.

⁵⁶ Docket No. E017/M-13-103. In the Matter of Otter Tail Power Company's Request for Approval of a Transmission Cost Recovery Rider Including the Proposed Transmission Factor for the Recovery Period from May 2, 2013 to April 30, 2014. Commission Order dated March 10, 2014, Page 6.

Similarly, the Department concludes that, in this proceeding, Xcel Gas should not be allowed to recover through the GUIC Rider costs for which a representative amount is already recovered in base rates. Specifically, while the Department does not dispute recovery of Material and CIAC costs in the GUIC Rider, the Department recommends that Overhead, Other and Transportation costs not be recovered in the GUIC Rider, since the Company is already recovering representative amounts for these costs in base rates.

Moreover, although the Company removed costs labeled Labor, the Company proposes to include Overhead capitalized costs, described as follows:

Overhead costs include engineering, supervision, general office, and administrative costs that are incurred to ensure the continued proper operation of construction projects, but are costs that cannot be directly assigned to specific projects.⁵⁷

The Company's description of Overhead costs indicates that there is not a meaningful difference between Overhead and Labor costs. In other words, it seems that the costs of both Labor and Overhead are primarily used to pay for employee work. As such, the Overhead costs in Xcel's proposal have the same effect of inclusion of Labor costs in the dockets discussed above: the cost of Xcel's internal employees may have been expensed during the rate case, then capitalized as Overhead GUIC costs. Thus, Overhead costs should not be recovered in the GUIC, to avoid allowing Xcel to recover such costs twice.

Similarly, Xcel hasn't shown that the miscellaneous costs under the category of "Other" are incremental to the costs being recovered in base rates. In addition, Transportation costs appear to be duplicative of amounts reflected in base rates.

As a result, the Department recommends that the Commission require Xcel to remove costs of Overhead, Other, and Transportation, totaling \$6,268,396, from the GUIC Rider, to the extent that these costs are not already removed through other adjustments.

K. TRACKER BALANCE CARRYING CHARGE

Xcel's Reply Comments stated that a carrying charge should be considered if a historical test year is used, in order to relieve financial pressures caused by delay in the recovery of costs. The Department's Initial Comments pointed out that use of this rider is an *optional* tool for a gas utility and that the GUIC Rider is an extraordinary rate tool, which permits utilities to begin recovery of eligible costs sooner than its next general rate case; therefore, the Department continues to recommend no carrying charge.

⁵⁷ Xcel Energy's October 1, 2018 Response to Department IR No. 65, Page 1.

Further, the Department notes that the use of a rider provides the utility the certainty of recovering the return earned on its investments (not simply the *opportunity* to earn the approved return rate), as well as full return of the investments while included in the rider mechanism. The certainty that the approved return will be earned should alleviate any financial pressures. Finally, the test year period used (historical or future) when setting GUIC Rider rates should be irrelevant, because similar to the approach in setting rates in a general rate case, the test period is not a factor in the approved ROR when determining revenue requirements. For the forgoing reasons, the Department recommends that the Commission adopt no carrying charge for the GUIC Rider.

IV. OTHER ITEMS

A. *NSP-MN GUIC PROJECT COST ALLOCATION BETWEEN MINNESOTA AND NORTH DAKOTA*

As requested by the Department, Xcel's Reply comments provided information on GUIC projects resulting in pipeline classification changes, discussed the basis used for project cost allocation between the Minnesota (MN) and North Dakota (ND) jurisdictions, and indicated that no ND integrity management projects affect costs to Minnesota ratepayers.⁵⁸ For the GUIC projects, the Department verified that the jurisdictional cost allocation procedure applied to transmission- and distribution-pipeline work was consistent with Xcel's *Cost Assignment and Allocation Manual* (CAAM).^{59,60} The Department intends to continue to review GUIC projects' jurisdictional cost allocation in future GUIC petitions.

B. *DIMP INTERMEDIATE PRESSURE PIPELINE RISK ASSESSMENTS*

In quantifying risks of its pipeline system, Xcel included as a risk criterion as to whether its intermediate pressure (IP) distribution pipelines have traceable, verifiable and complete (TVC) records to support MAOP.⁶¹ Because of the potential magnitude of cost to remedy deficient MAOP documentation, the Department's Initial Comments requested Xcel to clarify the extent to which the additional 207 miles of intermediate pressure pipelines outside of the metro region are subject to MAOP regulations (49 CFR 192.619), and to provide any updates or other information on these lines that may be helpful.⁶² Xcel's Reply Comments stated that all transmission and IP distribution pipelines are subject to 49 CFR 192.619, but only transmission pipeline is subject to the 2012 PHMSA guidance which requires MAOP to be TVC.⁶³ Xcel

⁵⁸ Xcel Reply Comments, pp. 17-18.

⁵⁹ Xcel's CAAM was included in the Company's most recent gas and electric general rate cases: [Docket No. G002/GR-09-1153, Ex. 28, Schedule 3](#) and [Docket No. E002/GR-15-826, Ex. 57, Schedule 3](#), respectively.

⁶⁰ *Petition*, Attachments C1(a), C1(c), J and N.

⁶¹ *Petition*, Attachment D2(a), pp. 6-8 and Department's Initial Comments, Attachment 12.

⁶² Department Initial Comments, p. 24.

⁶³ Xcel Reply Comments, pp. 7-8.

identified that 53 percent of its metro region IP pipeline (or 40.5 miles) lacks pressure-testing records and that it has not yet analyzed the remaining 207 miles of IP pipeline outside of the metro area. The Department intends to continue to monitor this emerging issue.

C. PERFORMANCE METRICS

The Department requested that Xcel provide in Reply Comments a reexamination of the DIMP Poor Performing Main Unit Cost metric once an outlier project (*i.e.*, the downtown St. Paul project) was removed from the group subjected to this metric. Xcel's Reply Comments provided a revised analysis and discussion in Attachment I.⁶⁴ The Department appreciates Xcel's revised analysis and intends to continue to review Xcel's performance metrics in future GUIC filings.

A stakeholder meeting to discuss Xcel's GUIC performance metrics was held September 26, 2018, in compliance with the Commission's 16-891 Order which stated,

Xcel shall continue to discuss with other parties, including the Department and the OAG, proposed performance metrics and ongoing evaluation of reporting requirements in future [GUIC] proceedings.

It is the Department's understanding that Xcel will hold an additional stakeholder meeting, given the feedback provided to Xcel during this recent September meeting.

D. COMMISSION NOTICE FOR COMMENTS REGARDING DEPRECIATION IMPACTS FROM XCEL'S FIVE-YEAR STUDY DOCKET NO. E,G002/D-17-581

As discussed in the Department's Initial Comments, Xcel and the Department are in agreement that the GUIC Rider should not incorporate the change in annual depreciation expense, for non-GUIC related assets, resulting from Xcel's recent 5-year depreciation study E,G002/D-17-581.

V. CONCLUSIONS AND RECOMMENDATIONS

Based on its review, the Department concludes that it is reasonable to allow Xcel to continue to recover reasonable costs through the GUIC Rider. However, the Department recommends modifications to Xcel's proposed 2018 GUIC Rider.

⁶⁴ Xcel Reply Comments, p. 24 and Attachment I.

The Department recommends that the Commission:

- Place Xcel on notice that future GUIC petitions lacking statutory filing requirements, such as Minn. Stat. § 216B.1635, Subd. 4 (2) (iii), will be subject to rejection;
- Require Xcel to include only incremental rate base amounts in its GUIC rider rate base;
- Require the Company to include only the incremental depreciation expense amount by accounting for the depreciation expense amounts included in base rates relevant to the plant assets replaced by (or retired through) the GUIC projects included in this rider. Any previously overstated revenue requirements should be credited back to ratepayers;
- Direct the Company to incorporate and apply the Commission-decided depreciation factors in Docket E,G002/D-17-581, when calculating GUIC-projects' depreciation in this *Petition*;
- Require Xcel to include only the incremental property tax expense amount for all GUIC years by adjusting original cost of GUIC projects by the original cost of plant assets replaced by (or retired through) the GUIC projects in each year, prior to applying Xcel's calculated property tax rate. Any overstated revenue requirements should be credited back to ratepayers;
- Maintain Xcel Gas's rider authorized Rate of Return at 7.02%;
- Direct that the implementation of the 2018 GUIC Rider rate be effective no sooner than January 1, 2019 to recover the 2018 GUIC Rider revenue requirements over a 12-month recovery period;
- Determine that the "return on" the capital costs incurred to remediate the system's MAOP data gaps, shall be limited to Xcel Gas's long-term debt costs;
- For the TIMP Island Line South Project,
 1. direct Xcel to exclude the \$0.6 million estimated costs of the ILI assessments to be performed on the Island Line South pipeline designated to be replaced, and
 2. direct Xcel to remove the unsupported cost overruns from the GUIC rider recovery;
- Require that the amount for the Langdon Line project includable in the GUIC rider rate base be adjusted and reduced by the project's cost differential between use of a 12-inch and an 8-inch pipe, should the Company elect to use a 12-inch diameter pipe instead of an 8-inch diameter pipe. Xcel estimated this cost differential to be approximately \$3.6 million;
- Direct Xcel to exclude \$420,000 of the H005 project costs be excluded from GUIC recovery rider;
- Direct Xcel to remove \$85,000 in costs incurred on low-risk infrastructure replacement costs that were not required by civic/public work requirements, nor required by government regulations;
- Determine no carrying charge on the GUIC tracker balance;

- Direct the Company to apply the same two step jurisdictional allocator used for software costs in the 2017 GUIC Rider to \$6,550 of O&M costs attributable to the vendor identified in Section III, Part I of these Response Comments;
- Direct the Company to remove the work that is not Minnesota-specific, as identified by the Company in response to IR 62;
- Direct Xcel to remove costs of Overhead, Other, and Transportation, totaling \$6,268,396, from the GUIC Rider, to the extent these costs are not already removed through other adjustments;
- Require Xcel, in future GUIC filings, to present historical and projected GUIC revenue requirements, rates, and recoveries within a single tracker for each year;
- Require Xcel to make a compliance filing showing the final rate-adjustment factors and all related tariff changes, within ten days of the date of the *Order*;
- In the event the 2017 GUIC rate and 2018 GUIC rate overlap, require Xcel to make a second compliance filing showing the final rate-adjustment factors in effect as of March 1, 2019, within 10 days of the rate change; in addition, require Xcel to include the Commission-approved billing message on customers' first bills to which the new rate applies.

/ja



414 Nicollet Mall
Minneapolis, MN 55401

November 1, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

—Via Electronic Filing—

RE: GAS UTILITY INFRASTRUCTURE COST RIDER
TRUE-UP REPORT FOR 2017, REVENUE REQUIREMENTS FOR 2018,
AND REVISED ADJUSTMENT FACTORS
DOCKET NO. G002/M-17-_787____

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Annual Report and Petition for approval of recovery of updated gas utility infrastructure costs (GUIC) through the GUIC Rider for 2018.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document with the Commission, which also constitutes service on the Department of Commerce and the Office of the Attorney General – Residential Utilities and Antitrust Division. A copy of this filing has been served on all parties on the attached service lists.

If you have any questions regarding this filing, please contact Lisa Peterson at (612) 330-7681 or lisa.r.peterson@xcelenergy.com.

SINCERELY,

/s/

AMY A. LIBERKOWSKI
DIRECTOR, REGULATORY PRICING AND ANALYSIS

Enclosures
c: Service Lists

Northern States Power Company

Docket No. G002/M-17-____
Gas Utility Infrastructure Cost Rider - 2018 Factors
Attachment C1(c)

2016-2018 Project Detail - TIMP Assessments

2016			
Line/Loop	Project Description	Actual	O&M or Capital
Granite City	In-Line Inspection	\$ 19,457	
Task 1	Install Launchers & Receivers	\$ 19,457	Capital
East County Line Casing	Pipe Replacement	\$ 1,529,077	
Task 1	ENVIRONMENTAL/RESTORATION	\$ 5,431	Capital
Task 2	INSTALL LABOR & EQUIPMENT	\$ 1,145,917	
Task 3	INTERNAL LABOR	\$ 36,568	
Task 4	MATERIALS	\$ 222,737	
Task 5	OUTSIDE SERVICES	\$ 40,179	
Task 6	PERMITS	\$ 71,769	
Task 7	TAPPERS	\$ 6,476	
East County Line Casing	Pressure Test	\$ 39,977	
Task 1	Prepare Pipe for Pressure test	\$ 17,000	O&M
Task 2	Pressure Test	\$ 5,977	
Task 3	Place Pipeline in Service	\$ 17,000	
Rosemount Line - Inverhills Lateral ILI	In-Line Inspection	\$ 524,523	
Task 1	INSTALL LABOR & EQUIPMENT	\$ 345,889	Capital
Task 2	MATERIALS	\$ 175,759	
Task 3	INTERNAL LABOR	\$ 2,876	
Lake Elmo Line ILI	In-Line Inspection	\$ 974,923	
Task 1	ENVIRONMENTAL/RESTORATION	\$ 4,571	Capital
Task 2	INSTALL LABOR & EQUIPMENT	\$ 621,934	
Task 3	INTERNAL LABOR	\$ 37,058	
Task 4	MATERIALS	\$ 311,359	
Island Line (South of River)	ILI & Replacement	\$ 3,163,645	
Task 1	ENVIRONMENTAL/RESTORATION	\$ (5)	Capital
Task 2	INSTALL LABOR & EQUIPMENT	\$ 2,072,586	
Task 3	MISC	\$ 36,107	
Task 4	MATERIALS	\$ 925,962	
Task 5	DIRECT EXAMINATION COSTS	\$ 63,848	
Task 6	PERMITS	\$ 8,408	
Task 7	OUTSIDE SERVICES	\$ 56,739	
High Bridge Lateral Replacement	ILI & Replacement	\$ 777,871	
Task 1	Distribution	\$ 255,342	Capital
Task 2	Transmission	\$ 522,529	
Capital Total		\$ 6,989,496	
O&M Total		\$ 39,977	
*Amounts above include non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.			
2017			
Line/Loop	Project Description	Estimates	O&M or Capital
Island Line (South of River)	ILI Assessable (Launcher & Receiver Installation)	\$ 300,000	
Task 1	Pigging Runs	\$ 300,000	Capital
Inver Hills Lateral	ILI Assessable (Launcher & Receiver Installation)	\$ 550,000	
Task 1	Pigging Runs	\$ 350,000	Capital
Task 2	Validation Digs	\$ 200,000	O&M
Lake Elmo Line ILI	ILI Assessable (Launcher & Receiver Installation)	\$ 650,000	
Task 1	Pigging Runs	\$ 350,000	Capital
Task 2	Validation Digs	\$ 300,000	O&M
Capital Total		\$ 1,000,000	
O&M Total		\$ 500,000	
*Amounts above include non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.			
2018			
Line/Loop	Project Description	Estimates	O&M or Capital
Rosemount Line	2nd ILI	\$ 430,000	
Task 1	Pigging Runs	\$ 230,000	O&M
Task 2	Validation Digs	\$ 200,000	
Blue Lake Line	2nd ILI	\$ 539,000	
Task 1	Pigging Runs	\$ 339,000	O&M
Task 2	Validation Digs	\$ 200,000	
Island Line (South of River)	ILI Assessable (Launcher & Receiver Installation)	\$ 400,000	
Task 1	Pigging Runs	\$ 150,000	Capital
Task 2	Validation Digs	\$ 150,000	
Task 3	O&M Repairs	\$ 100,000	O&M
Montreal Line North	Hydrostatic Pressure Test	\$ 440,000	
Task 1	Montreal Station to Shepard Road - 20"	\$ 240,000	O&M
Task 2	Shepard Road crossing - 24"	\$ 100,000	
Task 3	Shepard Road to north valve header - 20"	\$ 100,000	
Capital Total		\$ 300,000	
O&M Total		\$ 1,509,000	
*Amounts above include non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.			



414 Nicollet Mall
Minneapolis, MN 55401

November 1, 2016

**PUBLIC DOCUMENT
TRADE SECRET INFORMATION AND
NON-PUBLIC DATA EXCISED**

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

—Via Electronic Filing—

RE: GAS UTILITY INFRASTRUCTURE COST RIDER
PETITION, COMPLIANCE FILING, AND ANNUAL REPORT FOR 2017
DOCKET NO. G002/M-16-_891____

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Annual Report and Petition for approval of recovery of updated gas utility infrastructure costs (GUIC) through the GUIC Rider for 2017.

Attachment B1, subpart (c) to this filing is marked as “Non-Public” as it contains information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information contains confidential contractor/vendor cost/pricing and sensitive competitive bidding information that derives an independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Thus Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document, and served copies of the summary on the parties on the attached service lists.

If you have any questions regarding this filing, please contact Lisa Peterson at (612) 330-7681 or lisa.r.peterson@xcelenergy.com.

SINCERELY,

/s/

AMY A. LIBERKOWSKI
DIRECTOR, REGULATORY PRICING AND ANALYSIS

Enclosures
c: Service Lists

Northern States Power Company

Docket No. G002/M-16-____
Gas Utility Infrastructure Cost Rider - 2017 Factors
Attachment B1(d)

2015-2017 Project Detail - TIMP Assessments

2015			
Line/Loop	Project Description	Actuals	O&M or Capital
Crossover Line	Pressure Test	\$ 678,866	
Task 1	Purge line out of service	\$ 190,506	
Task 2	Mitigate farm taps	\$ 248,528	O&M
Task 3	Hydrostatic Test 12"	\$ 239,832	
Granite City Line	Pressure Test	\$ 327,127	
Task 1	Contractor Mobilization	\$ 22,462	
Task 2	Remove Pipeline from Service	\$ 8,695	
Task 3	Test, Replace Elbows, Restoration	\$ 215,706	O&M
Task 4	Clean Pipeline, Pressure Test, Dry Pipeline	\$ 67,343	
Task 5	Materials	\$ 12,920	
Granite City Line	ILI Assessable (Launcher & Receiver Installation)	\$ 492,959	
Task 1	Install Launcher and Receiver	\$ 301,080	
Task 2	Place Pipeline in Service	\$ 20,000	
Task 3	Site Restoration	\$ 51,460	Capital
Task 4	Contractor Mobilization	\$ 10,000	
Task 5	Materials	\$ 110,419	
County Road B	Direct Assessment	\$ 397,124	
Task 1	Pre-Assessment Data Analysis	\$ 30,000	
Task 2	Indirect Indirect Inspection on Cathodic Protection	\$ 49,000	O&M
Task 3	Excavation and Examination of Anomalies	\$ 301,132	
Task 4	Final Post Assessment Reporting	\$ 16,992	
*Amounts vary from costs presented in Attachment E due to extracting the data from different systems (PowerPlan vs. Passport) and non-recoverable and non-GUIC recoverable costs associated with internal labor.			
2016			
Line/Loop	Project Description	Estimates	O&M or Capital
East County Line Casing	Pipe Replacement	\$ 1,100,000	
Task 1	Outside Contractor	\$ 977,445	
Task 2	Internal Labor	\$ 70,000	Capital
Task 3	Materials	\$ 52,555	
East County Line Casing	Pressure Test	\$ 200,000	
Task 1	Prepare Pipe for Pressure test	\$ 125,000	
Task 2	Pressure Test	\$ 25,000	O&M
Task 3	Place Pipeline in Service	\$ 50,000	
Rosemount Line - Inverhills Lateral ILI	In-Line Inspection	\$ 1,100,000	
Task 1	Outside Contractor	\$ 464,679	
Task 2	Internal Labor	\$ 6,780	Capital
Task 3	Materials	\$ 131,242	
Lake Elmo Line ILI	In-Line Inspection	\$ 1,200,000	
Task 1	Outside Contractor	\$ 508,925	
Task 2	Internal Labor	\$ 8,660	Capital
Task 3	Materials	\$ 115,000	
Island Line (South of River)	ILI & Replacement	\$ 1,700,000	
Task 1	Outside Engineering	\$ 72,000	
Task 2	Outside Contractor	\$ 1,205,431	Capital
Task 3	Internal Labor	\$ 15,000	
Task 4	Materials	\$ 407,569	
High Bridge Lateral Replacement	ILI & Replacement	\$ 900,000	
Task 2	Distribution	\$ 75,000	Capital
Task 3	Transmission	\$ 825,000	
*Amounts above include internal company labor that is not recoverable through the GUIC rider.			
2017			
Line/Loop	Project Description	Estimates	O&M or Capital
Rosemount Line	2nd ILI	\$ 1,300,000	
Task 1	Pigging Runs	\$ 250,000	
Task 2	Validation Digs	\$ 1,050,000	O&M
Wescott Line	In-Line Inspection	\$ 300,000	
Task 1	Make Piggable	\$ 100,000	
Task 2	Pigging Runs	\$ 100,000	Capital
Task 3	Validation Digs	\$ 100,000	
Island Line (South of River)	ILI Assessable (Launcher & Receiver Installation)	\$ 350,000	
Task 1	Pigging Runs	\$ 150,000	
Task 2	Validation Digs	\$ 200,000	Capital
Inver Hills Lateral	ILI Assessable (Launcher & Receiver Installation)	\$ 250,000	
Task 1	Pigging Runs	\$ 150,000	
Task 2	Validation Digs	\$ 100,000	Capital
Lake Elmo Line ILI	ILI Assessable (Launcher & Receiver Installation)	\$ 300,000	
Task 1	Pigging Runs	\$ 100,000	
Task 2	Validation Digs	\$ 200,000	Capital
Montreal Line North	TBD	\$ 584,000	
Task 1	Unknown-Feasibility Studies Scheduled		Capital
*Amounts above include internal company labor that is not recoverable through the GUIC rider.			

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☐ Public Document

Xcel Energy

Docket No.: G002/M-17-787

Response To: MN Department of Commerce Information Request No. 56

Requestor: Dorothy Morrissey, Danielle Winner

Date Received: April 5, 2018

Question:

Topic: Transmission Pipeline Assessments – 2016 Projects

Reference(s): Attachment C, p. 25 and Response to DOC IR No. 21

Request: Reference Attachment C, page 25 and response to
DOC IR No. 21:

- A. Please provide copies of all correspondence between the Company, the Contractor and other relevant party, that addresses the weather and/or permitting issues leading to project delays and identify the specific pipeline assessment work to which the correspondence relates.
- B. Please provide copies of any correspondence relevant to overtime needs and/or authorization related to the project.
- C. Please provide documentation of any Force Majeure claim with respect to this project.
- D. Please discuss the frequency in which the Company conducted on-site project supervision and/or inspections.
- E. Please provide copies of all invoices related to the project(s) credited with the increased capital expenditures due to significant pumping and/or permitting issues.

Response:

- A. The weather and permitting delays referenced in the Company's response to DOC IR No. 21 and Petition Attachment C are related to the Island Line

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(South of the River) ILI and replacement project. Excess rain in the area resulted in construction delays due to the project's location adjacent to the Mississippi River and the associated high water table. Environmental permitting delays were also experienced due to migratory bats in the area and fledgling eagles, both of which delayed the start of construction. Correspondence related to weather and permitting delays on the Island Line (South of the River) project is included in Attachment A to this response.

- B. Documentation of overtime related to the Island Line (South of the River) project is included with the project invoices provided in Attachment B to this response.

Attachment B is marked as Not-Public because it contains trade secret information as defined by Minn. Stat. §13.37(1)(b). Attachment B includes confidential vendor and contractor unit pricing information that derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Based on its economic value, the Company maintains this information as trade secret under the Minnesota Data Practices Act and pursuant to Minn. Rule 7829.0500.

Attachment B is marked as "Not-Public" in its entirety. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

1. **Nature of the Material:** Attachment B is a pdf collection of invoices and contractor time sheets pertaining to the Company's Island Line (South of the River) pipeline in-line inspection and replacement project.
 2. **Authors:** Attachment B includes Q3 and Merjent invoices to Xcel Gas for contracted work on the Company's Island Line project.
 3. **Importance:** We protect the included vendor and contractor unit pricing information as Not-Public, as it has independent economic value from not being known or ascertainable by other parties who could value from disclosure or use.
 4. **Date the Information was Prepared:** Attachment B was prepared April 2018 for purposes of this response.
- C. No Force Majeure claims occurred related to the Island Line (South of the River) project in 2016.
- D. Throughout the duration of the project, a full time inspector was employed to supervise the construction crew. Additionally, the Company Project Manager

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or Engineer visited the project site approximately four times per week throughout the duration of construction.

- E. Invoices related to the Island Line (South of the River) are included in Attachment B to this response. The cover page to Attachment B is a totaling of all invoice amounts. Please note these amounts do not include non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.

Preparer: Ray Gardner
Title: Director
Department: Integrity Management Programs
Telephone: 303-571-3904
Date: April 23, 2018



477 Temperance Street
St. Paul, MN 55101
Phone: 651-286-8450
Fax: 651-286-8488
www.wsbeng.com



Daily Construction Report

Date:	<u>5/28/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>205</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 55°</u>	Inspection Hours:	<u>8</u>

Daily Observations:

Q3 began the day hauling pipe down to the old bike path and welding together 4 joints for Tuesday's installation. Due to the rain that is all Q3 was able to complete.



477 Temperance Street
St. Paul, MN 55101
Phone: 651-286-8450
Fax: 651-286-8488
www.wsbeng.com



Daily Construction Report

Date:	<u>6/1/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>11</u>

Daily Observations:

Q3 began open trenching the north end of the bike path. Once completed they ran into water issues and began pumping water out with two 3" water pumps. They then began setting the trench box in and cleaning out the area around the bored pipe so the welders could safely cut 65' of bore pipe out. The bore pipe was at a high angle, too high for the crew to safely weld in an open trench. The welders fabricated a fitting at the Sibly yard this morning, and began welding it this afternoon. Once it was welded on and it passed xray inspection, they walked the four joints of pipe down and began joining the two. After an hour or so it was determined that the fitting was not at the proper angle and needed to be cut out and redone. They will continue this process tomorrow morning.

Gabes continued to clean up and move their equipment out. I stopped by three times today to check up on their work. They will be continuing this process until Friday.



477 Temperance Street
St. Paul, MN 55101
Phone: 651-286-8450
Fax: 651-286-8488
www.wsbeng.com



Daily Construction Report

Date:	<u>6/2/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 began pumping water from the trench this morning, 3-4' of standing water was pumped out by 9:30 am. The welders immediately cut the fitting out and began altering it to the proper measurement for alignment. Once that was completed, Q3 began walking down the joints and welding it up. After the welds passed Xray, Q3 started laying the sand bags on the pipe and fill in the trench.

Gages cleaned up very well today and will be completed mobilizing tomorrow.



477 Temperance Street
St. Paul, MN 55101
Phone: 651-286-8450
Fax: 651-286-8488
www.wsbeng.com



Daily Construction Report

Date:	<u>6/3/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>8.5</u>

Daily Observations:

Q3 began the day by hauling three joints of pipe from the Sibly yard to the worksite on Island Line. They also began digging the trench box, and the trench so they could install three sections of pipe later in the day. Around 12:00pm I called Conrad to inform him that we will need a permit from the DNR for our water pumping. We would be over our 10,000 gallons a day maximum. Work was shut down from 12:30 pm to 1:30 pm while we waited for the permit process to complete. Conrad called at 1:30 pm to tell us we could proceed while the permit was processed.

Alice Messer with the city of St. Paul Parks Department came out for a site visit after a complaint was called into her boss. We went over the construction site and there were minor details in which she would like to have Q3 change. All of those issues were immediately dealt with and she seemed happy with the response.

Q3 suspended work at around 3:30 pm due to the rain.



Daily Construction Report

Date:	<u>6/4/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>8</u>

Daily Observations:

Q3 pumped out the excavated trench this morning, and started to weld in a four joint pipe. All xrays passed and the pipe was backfilled after the sand bags were lowered on to it. Q3 did a great job of cleaning up the jobsite as well as Gabe's area today.

Gabes still has their track hoe on the north end of the project, I will be calling Travis Monday morning to find out when they plan on moving it out.



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Daily Construction Report

Date:	<u>6/7/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>207</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 started the day by pumping water out of the previously dug trench, which took about an hour. They had all the proper environmental control in place along with extra straw logs along the filter bags. Once that was completed they began welding the fitting to the bore pipe. once that was welded in place a three joint piece was laid into the trench and welded on. Alignment looked great and Q3 finished out the day by placing the sand bags on top of the pipe and back filling.

Gabes trackhoe was still on the north end of the jobsite today.



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Daily Construction Report

Date:	<u>6/9/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 was going to tie the final joints together but due to the rain there was no attempt at trying to get the welders to the site. It would have done more harm than good. Q3 will try again tomorrow.

Alice Messer with St. Paul parks came out to meet with Ben, Dave and myself, to go over the schedule and plan for the Island Line, and Lillydale Park.



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Daily Construction Report

Date:	<u>6/13/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 72°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 decided to start fabricating and preparing for testing today due to the amount of rain we received on the Island Line jobsite.



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Daily Construction Report

Date:	<u>6/16/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 85°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 excavated around the bunker and ran into more water problems than on previous trenches on the project. The amount of water filling up the hole did not keep up with the pumps they had at the time. The made a quick run and retrieved larger pumps.

Robert Bullard a Lilydale city councilman came out for a site tour today around 1:00pm. His office received a call, earlier today, from Nancey complaining about our work. From my conversation with Robert he was told that we were polluting the lake. I informed him that we have had MPCA out to inspect our site as well as St.Paul parks and engineering departments on site and no concerns were given from them.I gave him my information and told him to give it to other city council members who have any questions or concerns.



Daily Construction Report

Date:	<u>6/17/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 started out by moving the shoring up the line. The welders mistakenly welded the Lake Elmo 16" tee instead of the 20". Once that was cut out re-welded and xrayed, they began to lower 90' of pipe into the ground. Q3 had it welded up and the hole filled in by the end of day. Water continues to be an issue and Q3 is doing a great job of keeping the whole from filling up. Q3's SWPPP is in great condition and they are constantly maintaining it.

John Bartunek with Xcel environmental came out to address any environmental concerns. I walked through the jobsite and he found nothing that needed to be done immediately. All suggestions/requests he had were above and beyond what is required, but we both agreed due to the light that has been placed on this project that it should be done. Q3 will finish all of John's requests by the end of the week.

There were no other visitors or safety concerns for today.



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Daily Construction Report

Date:	<u>6/30/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>Bike Path Installation</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Rain 70°</u>	Inspection Hours:	<u>8</u>

Daily Observations:

Q3 divided into two groups one at the maple wood station and another on the Island Line. The Island line crew began building up the bike path but had to stop due to the large amount of rain we received. The rest of the day was spent cleaning up for the fourth.

A city of St. Paul inspector, Tom Johnston, came out and requested we put up signs on the temp bike path by the bunker. I forward on that request to Ben.



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Daily Construction Report

Date:	<u>7/5/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>Clean Up</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>4</u>
Weather Conditions:	<u>Sunny 88°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 cleaned up the jobsite today, and finished the temporary bike paths. All barricades were removed and new "Caution Loose Gravel" was installed at the entrances of the paths. The crew also removed the rain for rent frack tanks and secondary containments.

The SWPPP, on all three sites was gone over and all primary barriers were fixed. Secondary SWPPP was added by the bunker, and some was replaced by the south tie in. The storm tonight should give us a good idea of what to expect in the future for this site.



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Daily Construction Report

Date:	<u>7/20/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>?</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>4</u>
Weather Conditions:	<u>Sunny 95°</u>	Inspection Hours:	<u>5</u>

Daily Observations:

Q3 sent a couple guys down to make the adjustments to the Island Line that John had requested. Q3 also brought down a skid steer to rework some of the areas on the south tie in point and the bike path. Some of the area was to wet to work, it will need to be finished at a later time.



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Daily Construction Report

Date:	<u>8/4/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>?</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>?</u>
Weather Conditions:	<u>Heavy Rain 75°</u>	Inspection Hours:	<u>2</u>

Daily Observations:

SWPPP inspection due to the large amount of rain and flash floods in the area, will do a more formal walk through once the rain has let up tomorrow. Everything looked good some areas will need minor work done due to the large amounts of water.



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Daily Construction Report

Date: <u>9/6/16</u>	Field Representative: <u>FrankSchill</u>
Client: <u>Xcel Energy</u>	Contractor: <u>Q3</u>
WSB Project No.: <u>02642-140</u>	Project No.: <u>Lillydale Island TIMP</u>
Plan Sheet No.: <u>?</u>	Foreman/Supt: <u>David Holmberg</u>
Location: <u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size: <u>0</u>
Weather Conditions: <u>Rain 65°</u>	Inspection Hours: <u>2</u>

Daily Observations:

I met with John B, Xcel Environmental, to go over Island Line after a significant rain event. Two minor SWPPP fence issues were noticed and a small amount of garbage will need to get taken away.

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Wednesday, May 25, 2016 5:36 PM
To: Troy Nelson; Hach, Ben; Dave Bredvick; Frank Schill; Miller, Conrad A
Subject: 5-25-16. Island line progress report.

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The drillers were able to complete the reaming process today and are ready for the pull back tomorrow. The welders continued at Farmington today and were able to get 6-20" welds done. All that is left their to do is the bolt ups for testing. Tomorrow x-ray will arrive at Farmington to inspect the welds until they are needed for the mid point weld tomorrow. I rained out the two laborers today as there was nothing for them to do today. Weather looks bad for the end of the week, so all outdoor activities will play by ear depending on the weather.

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Cell – 612-499-7873
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[www.prim.com](#)



“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Saturday, May 28, 2016 5:01 PM
To: Troy Nelson; Hach, Ben; Miller, Conrad A; Dave Bredvick; Frank Schill
Subject: 5-28-16. Island line progress report.

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The day began with getting pipe loaded up and down to the site. Eight joints were moved down there. The welders assembled a quadruple section to be placed in the ditch. Due to the limited space and the fact that the site is saturated from two days of rain, no more were assembled. After lunch all the rollers of Gabes were move back to the pipe yard and off site. Hopefully Tuesday xray will be able to arrive to inspect the welds as I would like to be able to get that section in the ground. They said they would try to make it.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Thursday, June 02, 2016 5:44 PM
To: Troy Nelson; Frank Schill; Dave Bredvick; Miller, Conrad A; Hach, Ben
Subject: 6-2-16. Island line progress report.

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The excavation had about 3' of water in it this morning. After the water was pumped clear of the hole the welders entered it and began work on fixing the angle on the fitting. This was completed around noon. After lunch the four joint section was carried into place and the line up was way better. Once the welding was completed, X-ray inspected the welds and they were good. 14 pipe weights were placed on the line and I gave the order to coat and backfill the entire ditch. The forecast doesn't look good for tomorrow and any open excavations would be ruined between ground water and possible rain. Tomorrow I will play it by ear on the weather and see what happens to make forward progress.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Saturday, June 04, 2016 5:18 PM
To: Troy Nelson; Dave Bredvick; Hach, Ben; Frank Schill; Miller, Conrad A
Subject: 6-4-16. Island line progress report.

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Pumped out the excavation this morning to place a 4 joint section. I had the welders put on a cap for this one to keep it dry inside. After they were done x-ray inspected the weld which was good. 14 pipe sack weights were placed on it and it was backfilled. Monday we will open up the first drill shot to begin placing pipe. We will work back to where we left off today. There is lots of water and the weather hasn't been helping. As always the site was cleaned up and swept for the weekend.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Wednesday, May 11, 2016 6:11 PM
To: Troy Nelson; Dave Bredvick; Hach, Ben; Frank Schill; Miller, Conrad A
Subject: Progress report 5-11-16. Island line.

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Most my day was spent down at the Boatlanding watching the drillers and trying to aid them in anyway to help speed up the process of their set up. Any issues concerning the drillers in a timeframe have been addressed by Troy and myself and hopefully will not be a concern anymore. As far as the welding goes today the welders managed to accomplish 2-16inch welds and 1-20" weld. Hydro vac with the assistance of a backhoe at Mendota station continue today, The ground conditions have improved greatly so hopefully the process there will be sped up as well. I contacted Sabrina from the city of St. Paul today and as of this email have the permit that was needed to excavate in there right of way. A good portion of the tail ditch that was needed for the exit pit for the drillers was also excavated today, given the fact that rain started again this afternoon it will be finished in the morning and then the drill section set up on rollers ready to be pulled. The drill company will be in contact with us in the morning and hopefully have a tentative schedule lined out to clear up any more confusion. I was also supplied with the final prints for this project today and have given them to all who need them. The only foreseeable hick up on my end which I will address tomorrow is a mystery manhole in line with the second drill shot, no one seems to own it and no one wants to claim it. Troy recalled the locates for that location and I have a joint meeting set up tomorrow to address it. With all parties there I'm confident we can get an answer on who's it is, where it goes and if I'm lucky maybe even a print. I will update as time progresses.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: Andrea Sampson <asampson@merjent.com>
Sent: Wednesday, May 11, 2016 8:47 AM
To: Deanne Endrizzi
Cc: Margaret Rheude; Dean Sather; Rogers, Timothy G; Hach, Ben; briansullivan.mn@gmail.com; Rebecca Forman
Subject: Amendment - Xcel Island Line eagle nest disturbance permit

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Ms. Endrizzi –

On March 24, 2016, we received an eagle nest disturbance permit (permit #MB92282B-0) from your office for an eagle nest located at 44.921503,-93.116554 in Lilydale Regional Park.

We have had a change in the construction schedule for the Project: construction was originally slated for June and July of 2016, but due to changes in Xcel construction schedules, will now take place within the 660-foot buffer beginning **Thursday, May 12, 2016**. Construction is expected to be complete by mid-June.

We are still able to meet all the obligations specified in the permit, including daily monitoring of the nest. Visits to the site on Monday, May 9 and Tuesday, May 10 found the eagles still on the nest and behaving normally.

In speaking with Mags yesterday regarding the change, she mentioned a possible \$150 fee for any major amendments to the permit. Please let me know if this qualifies as such and we will have a check cut and delivered.

Please do not hesitate to contact me via e-mail or cell phone (612) 226-1331 with any questions you might have.

Thank you for your help -

Andrea

**Andrea Sampson**

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Merkel, Jesse A

From: Andrea Sampson <asampson@merjent.com>
Sent: Wednesday, May 11, 2016 9:12 AM
To: Dean Sather; Rogers, Timothy G; Hach, Ben; briansullivan.mn@gmail.com; Rebecca Forman
Subject: FW: Amendment - Xcel Island Line eagle nest disturbance permit

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See below. Looks like we're in the clear on working within the 660 ft buffer.

Let me know if you have any questions...

Andrea

merjent

Andrea Sampson

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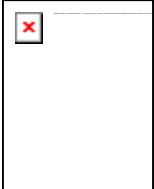
From: Endrizzi, Deanne [mailto:deanne_endrizzi@fws.gov]
Sent: Wednesday, May 11, 2016 9:06 AM
To: Andrea Sampson <asampson@merjent.com>; Margaret Rheude <Margaret_Rheude@fws.gov>; Larry Harrison <Larry_Harrison@fws.gov>
Subject: Re: Amendment - Xcel Island Line eagle nest disturbance permit

Hi Andrea:

I have discussed your request with our Permits supervisor and we agree that this is a minor administrative change to your application. The permit does not need to be amended since there are no time restrictions set forth on the permit, so a fee is not required. The email with your updated dates will be incorporated into your application.

Thanks,

Deanne Endrizzi
Wildlife Biologist
USFWS, Reg. 3, Migratory Bird Permit Office
5600 American Blvd. W, Suite 990
Bloomington, MN 55437
612-713-5441



2016 marks 100 years of the Migratory Bird Treaty. Help us celebrate [here](#).

On Wed, May 11, 2016 at 8:46 AM, Andrea Sampson <asampson@merjent.com> wrote:

Ms. Endrizzi –

On March 24, 2016, we received an eagle nest disturbance permit (permit #MB92282B-0) from your office for an eagle nest located at 44.921503,-93.116554 in Lilydale Regional Park.

We have had a change in the construction schedule for the Project: construction was originally slated for June and July of 2016, but due to changes in Xcel construction schedules, will now take place within the 660-foot buffer beginning **Thursday, May 12, 2016**. Construction is expected to be complete by mid-June.

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In speaking with Mags yesterday regarding the change, she mentioned a possible \$150 fee for any major amendments to the permit. Please let me know if this qualifies as such and we will have a check cut and delivered.

Please do not hesitate to contact me via e-mail or cell phone (612) 226-1331 with any questions you might have.

Thank you for your help -

Andrea



Andrea Sampson

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MINNESOTA DEPARTMENT OF NATURAL RESOURCES

Temporary

Water Appropriation General Permit Authorization

Expiration Date: 07/15/2016

Authorization Number
2016-1115

General Permit Number
1997-0005

On the basis of statements and information contained in the permit application, letters, maps, and plans submitted by the applicant and other supporting data, all of which are made part hereof by reference, **PERMISSION IS HEREBY GRANTED** to the applicant to perform actions as authorized below. Applicant must comply with all conditions listed in the above referenced General Permit.

Project Name: N/A	County: Ramsey	Watershed: Mississippi River - Twin Cities	Resource: Groundwater	
Purpose of Permit: Construction Dewatering		Authorized Action: Withdrawal of up to 2.0 million gallons of water subject to the expiration date of this permit for construction dewatering. Appropriation for the construction of a new gas pipeline.		
Permittee: XCEL ENERGY CONTACT: BODENSTEINER, JIM 414 NICOLLET MALL, MP-4 MINNEAPOLIS, MN 55401 (612) 330-6625		Authorized Agent: N/A		
To Appropriate From: Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 490628m east, 4974177m north SESW of Section 12, T28N, R23W Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 490893m east, 4974359m north SWSE of Section 12, T28N, R23W Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 490990m east, 4974448m north SWSE of Section 12, T28N, R23W Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 491100m east, 4974550m north SWSE of Section 12, T28N, R23W Erosion and sediment controls shall comply with the requirements of the Minnesota Pollution Control Agency.				
Authorized Issuer: Jenifer Sorensen	Title: Area Hydrologist	Issued Date: 06/06/2016	Effective Date: 06/06/2016	Expiration Date: 07/15/2016

This permit is granted **subject to** the following **CONDITIONS**:

Applicant must comply with all conditions listed in General Permit 1997-0005.

cc: Jeanne Daniels, EWR District Manager
Jen Sorensen, DNR Area Hydrologist
Brad Johnson, Conservation Officers, Maplewood
Dennis Rodacker, BWSR Wetland Specialists, Ramsey
Joe Lochner, County, Ramsey
Joe Barten, Watershed District, LOWER MISSISSIPPI RIVER WMO
Andy Beaudet, Corps of Engineers, Ramsey
Ann WhiteEagle, SWCD, Ramsey Conservation District
Shari Moore, City, Saint Paul



MINNESOTA DEPARTMENT OF NATURAL RESOURCES

Amended
Water Appropriation General
Permit

General Permit Number
1997-0005

Expiration Date: 12/31/2016

Pursuant to Minnesota Statutes, Chapter 103G, and on the basis of statements and information contained in the permit application, letters, maps, and plans submitted by the applicant and other supporting data, all of which are made part hereof by reference, **PERMISSION IS HEREBY GRANTED** to the applicant to perform actions as authorized below. This permit supersedes the original permit and all previous amendments.

Project Name: Temporary Water Appropriations	County: All counties in Minnesota	Watershed: All watersheds in Minnesota	Resource: All surface and groundwaters of the state	
Purpose of Permit: Temporary water appropriations for dewatering, exploratory drilling, firefighting, training, landscaping, dust control, hydrostatic testing of pipelines, tanks, and wastewater ponds, and similar temporary purposes allowed by authorized DNR staff.		Authorized Action: Upon application to and approval by authorized DNR staff, temporary water appropriations from surface and groundwaters of the state, not to exceed 50 million gallons for a single project. Temporary appropriations authorized under this permit cannot exceed one year from the start of pumping.		
Permittee: Agencies, Governmental Subdivisions, and the General Public		Authorized Agent: N/A		
To Appropriate From: The Permittee must own, control, or have permission to access and use all lands where water is appropriated, conveyed, and used.				
Authorized Issuer: Tom Hovey	Title: Water Regulations Unit Supervisor	Issued Date: 08/10/2015	Effective Date: 08/10/2015	Expiration Date: 12/31/2016

This permit is granted **subject to** the following **CONDITIONS**:

LIMITATIONS: (a) Any violation of the terms and provisions of this permit and any appropriation of the waters of the state in excess of that authorized hereon shall constitute a violation of Minnesota Statutes, Chapter 103G. (b) This permit shall not be construed as establishing any priority of appropriation of waters of the state. (c) This permit is permissive only. No liability shall be imposed upon or incurred by the State of Minnesota or any of its employees, on account of the granting hereof or on account of any damage to any person or property resulting from any act or omission of the Permittee relating to any matter hereunder. This permit shall not be construed as estopping or limiting any legal claims or right of action of any person other than the state against the Permittee, for any damage or injury resulting from any such act or omission, or as estopping or limiting any legal claim or right of action of the state against the Permittee, for violation of or failure to comply with the provisions of the permit or applicable provisions of law. (d) In all cases where the doing by the Permittee of anything authorized by this permit shall involve the taking, using, or damaging of any property, rights or interests of any other person or persons, or of any publicly owned lands or improvements thereon or interests therein, the Permittee, before proceeding therewith, shall obtain the written consent of all persons, agencies, or authorities concerned, and shall acquire all property, rights, and interests necessary therefore. (e) This permit shall not release the Permittee from any other permit requirements or liability or obligation imposed by Minnesota Statutes, Federal Law, or local ordinances relating thereto and shall remain in force subject to all conditions and limitations now or hereafter imposed by law. (f) Unless explicitly specified, this permit does not authorize any alterations of the beds or banks of any public (protected) waters or wetlands. A separate permit must be obtained from the Department of Natural Resources prior to any such alteration.

GENERAL PERMIT CONDITIONS *(Continued from previous page)*

WATER USE REPORTING: (a) FLOW METER The Permittee shall equip each installation for appropriating or using water with a flow meter, unless another method of measuring the quantity of water appropriated to within ten (10) percent of actual amount withdrawn is approved by the Department. (b) REPORTS Monthly records of the amount of water appropriated or used shall be recorded for each installation. Such readings and the total amount of water appropriated or used shall be reported annually to the Director of DNR Ecological and Water Resources, on or before February 15 of the following year, via the MNDNR Permitting and Reporting System (MPARS) at www.mndnr.gov/mpars/signin. Any processing fee required by law or rule shall be submitted with the records whether or not any water was appropriated during the year. Failure to report shall be sufficient cause for terminating the permit 30 days following written notice. (c) TRANSFER OR ASSIGNMENT Any transfer or assignment of rights, or sale of property involved hereunder shall be reported within 90 days thereafter to the Director of DNR Ecological and Water Resources. Such notice shall be made by the transferee (i.e., new owner) and shall state the intention to continue the appropriation as stated in the permit. This permit shall not be transferred or assigned except with the written consent of the Commissioner. (d) MODIFICATION The Permittee must notify the Commissioner in writing of any proposed changes to the existing permit. This permit shall not be modified without first obtaining the written permission from the Commissioner.

COMMISSIONER'S AUTHORITY: (a) The Commissioner may inspect any installation utilized for the appropriation or use of water. The Permittee shall grant access to the site at all reasonable times and shall supply such information concerning such installation as the Commissioner may require. (b) The Commissioner may, as he/she deems necessary, require the Permittee to install gages and/or observation wells to monitor the impact of the Permittee's appropriation on the water resource and require the Permittee to pay necessary costs of installation and maintenance. (c) The Commissioner may restrict, suspend, amend, or cancel this permit in accordance with applicable laws and rules for any cause for the protection of public interests, or for violation of the provisions of this permit.

PUBLIC RECORD: All data, facts, plans, maps, applications, annual water use reports, and any additional information submitted as part of this permit, and this permit itself are part of the public record and are available for public inspection at the offices of DNR Ecological and Water Resources. The information contained therein may be used by the Division as it deems necessary. The submission of false data, statements, reports, or any such additional information, at any time shall be deemed as just grounds for revocation of this permit.

MONITORING REQUIREMENTS: Minnesota Statutes 103G.282 authorizes the Department of Natural Resources to require permittees to install and maintain monitoring equipment to evaluate water resource impacts from permitted appropriations. You may be required to modify or install automated measuring devices and keep records for each installation. The frequency of measurements and other requirements will be based on quantity of water appropriated, source of water, potential connections to other water resources, nature of concern, and other relevant factors.

DROUGHT PLANNING: In accordance with M.S. 103G.293, all permits must be consistent with the drought response plan detailed in the Statewide Drought Plan at http://files.dnr.state.mn.us/natural_resources/climate/drought/drought_plan_matrix.pdf.

WATER USE CONFLICT: If notified by the DNR that a water use conflict is suspected and probable from your appropriation, based on confirmation of a formal well interference complaint or a preliminary hydrologic assessment, all appropriation authorized by this permit must cease immediately until the interference is resolved. The permittee may be required to obtain additional data to support the technical analysis, such as domestic well information within a radius of one and one-half miles of the production well. The permittee and impacted party may engage in a negotiated settlement process and there may be modifications made to this permit in support of conflict resolution.

WATER CONSERVATION: All practical and feasible water conservation methods and practices must be employed to promote sound water management and use the least amount of water necessary, such as reuse and recycling water, water-saving devices, and water storage.

DISCHARGE AUTHORIZATION: This permit is valid only in conjunction with all required discharge authorizations from local, state, or federal government units.

WELL SEALING: The permittee shall notify the Minnesota Department of Health prior to sealing, removing, covering, plugging or filling the well(s) from which the authorized appropriation was made. The well(s) must be sealed by a licensed well driller and in accordance with the procedures required under Minnesota Statutes 103I and Minnesota Rules 4725 as administered by the Minnesota Department of Health.

CONSERVATION PLAN: The Permittee shall implement adequate soil and water conservation measures in order to protect water quality and prevent erosion and sedimentation and must comply with conservation plans and best

DEPARTMENT OF THE INTERIOR
U.S. FISH AND WILDLIFE SERVICE

Migratory Bird Permit Office

5600 American Blvd West, Suite 990 - Bloomington, MN 55437-1458

Tel: 612-713-5436 Fax: 612-713-5393

Email: permitsR3MB@fws.gov

FEDERAL FISH AND WILDLIFE PERMIT

1. PERMITTEE

NORTHERN STATES POWER COMPANY
414 NICOLLET MALL (MP 7A)
MINNEAPOLIS, MN 554012. AUTHORITY-STATUTES
16 USC 668aREGULATIONS
50 CFR 13
50 CFR 22.263. NUMBER
MB92282B-0

4. RENEWABLE

☒ YES
☐ NO

5. MAY COPY

☒ YES
☐ NO6. EFFECTIVE
03/24/20167. EXPIRES
12/31/2016

8. NAME AND TITLE OF PRINCIPAL OFFICER (If #1 is a business)

TIM G ROGERS
MANAGER, SITING AND LAND RIGHTS

9. TYPE OF PERMIT

EAGLE TAKE ASSOCIATED WITH BUT NOT THE PURPOSE OF AN
ACTIVITY

10. LOCATION WHERE AUTHORIZED ACTIVITY MAY BE CONDUCTED

Bald eagle nest at: 44.921503, -93.116554, Lilydale Regional Park, Ramsey County, Minnesota

11. CONDITIONS AND AUTHORIZATIONS:

A. GENERAL CONDITIONS SET OUT IN SUBPART D OF 50 CFR 13, AND SPECIFIC CONDITIONS CONTAINED IN FEDERAL REGULATIONS CITED IN BLOCK #2 ABOVE, ARE HEREBY MADE A PART OF THIS PERMIT. ALL ACTIVITIES AUTHORIZED HEREIN MUST BE CARRIED OUT IN ACCORD WITH AND FOR THE PURPOSES DESCRIBED IN THE APPLICATION SUBMITTED. CONTINUED VALIDITY, OR RENEWAL, OF THIS PERMIT IS SUBJECT TO COMPLETE AND TIMELY COMPLIANCE WITH ALL APPLICABLE CONDITIONS, INCLUDING THE FILING OF ALL REQUIRED INFORMATION AND REPORTS.

B. THE VALIDITY OF THIS PERMIT IS ALSO CONDITIONED UPON STRICT OBSERVANCE OF ALL APPLICABLE FOREIGN, STATE, LOCAL, TRIBAL, OR OTHER FEDERAL LAW.

C. VALID FOR USE BY PERMITTEE NAMED ABOVE.

D. You are authorized to disturb up to two (2) bald eagles tending their nest per year that may result in loss of productivity (1.3 chicks per year) and abandonment of their nests in 2016 at: 44.921503, -93.116554, Lilydale Regional Park, Ramsey County, Minnesota, during the course of the following activity: Maintenance and repair of underground pipeline and its associated activities outlined in the application, including tree and vegetation removal and construction.

E. The authorizations granted by permits issued under this section apply only to bald eagle take that results from activities conducted in accordance with the description contained in the permit application and the terms of the permit. If the permitted activity changes, you must immediately contact the U.S. Fish and Wildlife Service (Service) to determine whether a permit amendment is required in order to retain bald eagle take authorization.

F. In order to minimize the disturbance to a pair of nesting bald eagles you must comply with the following avoidance, minimization or other mitigation measures:

1) NSP will utilize established parking areas and pull-outs to stage vehicles. Every effort will be made to restrict non-essential vehicle and equipment traffic to areas within 660 feet of the known bald eagle nest. If the bald eagle nest is determined to be inactive (as evidenced by a lack of bald eagle activity for 10 days) after April 15, NSP will reduce the buffer to 330 feet.

2) To ensure bald eagles will not flush off their nest during inclement weather (heavy rain, heavy snow or gale force

☒ ADDITIONAL CONDITIONS AND AUTHORIZATIONS ALSO APPLY

12. REPORTING REQUIREMENTS

ISSUED BY

TITLE

CHIEF, MIGRATORY BIRD PERMIT OFFICE - REGION 3

DATE

03/24/2016

GENERAL PERMIT CONDITIONS *(Continued from previous page)*

management practices that may be required by the local Soil and Water Conservation District.

DISCHARGE EROSION AND SEDIMENT CONTROL: The Permittee shall ensure that discharge points are adequately protected from erosion and scour. The discharge shall be dispersed over sand bags, plastic sheeting, natural rock riprap, or other approved energy dissipation measures. Adequate sedimentation control measures are required for discharge water that contains suspended solids. Sediment control devices can be bypassed when the discharge water appears clear.

ENVIRONMENTAL IMPACTS: This permit is not valid in areas where trout streams, calcareous fens, or other significant environmental resources may be adversely impacted. In such areas or locations, a separate water appropriation permit application and permit may be required. The Area Hydrologist must be contacted for permit application requirements.

SURFACE WATER SOURCES: All pump intakes must be screened to prevent fish from being drawn in to the system. DNR Ecological and Water Resources may require the suspension of appropriations during periods of low flows and low water levels in order to maintain minimum flows and water levels within the watershed. This permit is not valid for appropriations from surface water sources that are infested with invasive species (Minn. Rules 6216.0500).

INVASIVE SPECIES - EQUIPMENT DECONTAMINATION & TEMPORARY DEWATERING: All equipment intended for use at a project site must be free of prohibited invasive species and aquatic plants prior to being transported into or within the state and placed into state waters. All equipment used in designated infested waters, shall be inspected by the Permittee or their authorized agent and adequately decontaminated prior to being transported from the worksite. The DNR is available to train inspectors and/or assist in these inspections. For more information refer to the "Best Practices for Preventing the Spread of Aquatic Invasive Species" at

http://files.dnr.state.mn.us/publications/ewr/invasives/ais/best_practices_for_prevention_ais.pdf. Contact your regional Invasive Species Specialist for assistance at www.mndnr.gov/invasives/contacts.html. A list of designated infested waters is available at http://files.dnr.state.mn.us/eco/invasives/infested_waters.pdf. A list of prohibited invasive species is available at www.mndnr.gov/eco/invasives/laws.html#prohibited.

APPLY USING MPARS: Prior authorization to use General Permit 1997-0005 must be obtained by submitting an application using the MNDNR Permitting and Reporting System (MPARS) at www.mndnr.gov/mpars/signin. Users will need to create an account the first time they access the system. Once created, users should click on the link in the Actions box called 'Apply for a New Permit/Authorization' and complete the application questions.

winds), no work will occur within 330 feet of the active bald eagle nest from one hour before sunset until one hour after sunrise.

- 3) Project-related vehicles will adhere to the posted maximum speed limit of 20 miles per hour (mph) on Lilydale Road to avoid impacting bald eagles that may be on the road, or create road kill which may attract bald eagles.
- 4) Retain as many mature trees around the bald eagle nest as possible in order to reduce visual and noise impacts.
- 5) Inform all site employees and contractors of the bald eagle nest presence and the federal protection it is afforded.
- 6) Ensure falling trees do not hit the bald eagle nest or structure that supports the bald eagle nest.
- 7) If during the construction phase (June and July) it appears that branching eaglets (pre-fledging) are disturbed by the activity to the point where they may injure themselves (jump from the nest), NSP will contact the Service immediately to determine what actions should take place. Possible actions may include working outside the 330 buffer for several hours to allow chicks time to settle down.

Voluntary measures:

- 1) NSP will monitor the bald eagle nest once a day when working within the 660 foot buffer zone.

G. This permit does not authorize intentional take of live bald eagles, eggs or young.

H. You must contact the migratory bird permit office immediately upon discovery of any unanticipated bald eagle take at 612-713-5441.

I. While the permit is valid and for up to 3 years after it expires, you must allow Service personnel, or other qualified persons designated by the Service, access to the areas where bald eagles are likely to be affected, at any reasonable hour, and with reasonable notice from the Service, for purposes of monitoring bald eagles at the site(s).

J. Subpermittees must be at least 18 years of age. You are responsible for ensuring that your subpermittees are qualified to perform the work and adhere to the terms of your permit. You are also responsible for maintaining current records of designated subpermittees. As the permittee, you are ultimately legally responsible for compliance with the terms and conditions of this permit and that responsibility may not be delegated.

K. You and any subpermittees must carry a legible copy of this permit and display it upon request whenever exercising its authority.

L. All of the provisions and conditions of the governing regulations at 50 CFR 13 and 50 CFR 22.26 are conditions of your permit. Failure to comply with the conditions of your permit could be cause for suspension of the permit and/or citation. For copies of the regulations, visit: www.fws.gov/permits/mbpermits/birdbasics.html.

M. This permit does not authorize you to conduct activities on Federal, State, Tribal, or other public or private property other than your own without additional prior written permits or permission from the agency/landowner.

N. You must maintain records as required in 50 CFR 13.46. All records relating to the permitted activities must be kept at the location indicated in writing by you to the Migratory Bird Permit Office at 5600 American Blvd. W, Bloomington, Minnesota, 55437.

O. Acceptance of this permit authorizes the Service to inspect and audit or copy any permits, books or records required to be kept by the permit and governing regulations (50 CFR 13.46).

P. Permittees and subpermittees operating under this permit may not take or disturb eagles contrary to the laws or regulations of any State, Tribal, or Municipal government, and none of the privileges of this authorization are valid unless the permittee possesses the appropriate State permits, or other authorizations, if required.

Q. The Service is not liable for any damage or injury to person, wildlife, or property that occurs as the result of carrying out the activities associated with this permit.

Intra-Service Section 7 Biological Evaluation Form Region 3

Originating Person: Margaret RheudeDate Submitted: March 23, 2016Telephone Number: 952 – 252-0092 (x202)

For assistance with section 7 reviews, go to Region 3's Section 7 Technical Assistance website:
<http://www.fws.gov/midwest/endangered/section7/index.html>

I. Service Program and Geographic Area or Station Name:
Twin Cities Ecological Services Field Office, Bloomington, MN

II. Location: Location of the project including County, State and TSR (township, section & range):

City of Saint Paul in Dakota and Ramsey Counties. T-28, R-23, S-12, 13.
-93.116563 44.921460 (Decimal Degrees)

III. Species/Critical Habitat: List federally-listed, proposed, and candidate species or designated or proposed critical habitat that may occur within the action area:

Northern Long-Eared Bat (*Myotis septentrionalis*). Proposed project is also within ¼ mile of known hibernacula.

IV. Project Description: Describe the proposed project or action, including all conservation elements. If referencing other documents, prepare an executive summary. Include map and photos of site, if possible. (Attach additional pages as needed):

Northern States Power Company, a Minnesota corporation; cl/b/a Xcel Energy, Inc. ("Xcel Energy") is the project proponent and is proposing this activity. The project contains potential Northern Long-Eared Bat (NLEB) habitat, as well as an active bald eagle (*Haliaeetus leucocephalus*) nest within 660 feet of the proposed project. The proposed project is also within ¼ mile of a known bat hibernacula. Due to the possibility of a loss of productivity to bald eagles as a result of the project activities, the Project Proponent has applied for a non-purposeful eagle take permit. The eagle take permit, MB#92282B-0, was issued by the Fish and Wildlife Service's Migratory Bird permit office on March 24, 2016. In conjunction with this federal action, the Service must examine the impact of issuance of this permit on any listed species. The Service has determined this project is a "May Affect, Not Likely to Adversely Affect" the NLEB.

The Project is located within the City of Saint Paul, in Dakota and Ramsey Counties.

The Project is approximately 2000 feet in length, and is comprised of the replacement of 18-inch pipe with 20-inch pipe. The pipe replacement is proposed to provide a contiguous pipeline diameter along the route to facilitate scheduled pipeline inspections in support of the Transmission Integrity Management Program (TIMP). A receiver will also be installed to allow for initiation of the in-line inspections in 2017.

The Project will require two activity periods. First, one day of tree clearing will take place as early as possible (i.e., prior to April 1, 2016) to prevent impacts to a federally-listed species (the northern long eared bat). Brushing and mowing of the workspace will also take place at this time. Second, construction activities will take place in June and July, 2016, and will consist of trenching and boring activities to replace the pipe.

The project will involve removal of 15 trees greater than 3 inches dbh. Information about each tree removed can be found below in Table 1. At an estimate of a 12x12 spacing per tree (303 trees per acre)¹, this would account for a total loss of ≈ 0.05 acres of potential NLEB habitat.

TABLE 1 Measurement of Trees to be Removed for the Project			
Tree to be removed (starting at southern end of project)	Latitude	Longitude	dbh
1	44.9203	-93.1202	3.0
2	44.9205	-93.1195	4.0
3	44.9221	-93.1165	11.8
4	44.9220	-93.1165	10.5
5	44.9221	-93.1164	6.7
6	44.9226	-93.1157	9.1
7	44.9228	-93.1157	4.9
8	44.9228	-93.1157	7.6
9	44.9228	-93.1156	8.4
10	44.9228	-93.1156	5.1
11	44.9228	-93.1156	6.5
12	44.9226	-93.1155	7.2
13	44.9226	-93.1155	8.1
14	44.9229	-93.1155	6.1
15	44.9229	-93.1155	7.2 *measured at 3.75 ft. (45 in.) due to branching

A full description of the project and impacts to the bald eagle can be found in the Bald Eagle non-purposeful take permit application, submitted by Xcel Energy to FWS for processing on March 22, 2016, and in Xcel Energy's description of the project and its impacts to bats (received by FWS March 24, 2014).

Conservation measures for NLEB include conducting all tree clearing prior to April 1, 2016. NLEB are not anticipated to be on the landscape at this time, therefore, it is very unlikely that any NLEB will be roosting and foraging in trees during vegetation removal. No direct injury or mortality of NLEB is anticipated.

V. Determination of Effects:

A. Description of Effects: Describe how the action(s) will affect the species and critical habitats listed in item III, including how Part IV conservation elements benefit or avoid adverse effects. Your rationale for the Section 7 determinations made below (VB.) should be fully described here.

The proposed project may affect, but is not likely to adversely affect the Northern Long Eared Bat (NLEB). The proposed project takes place in an area where NLEB are likely to occur, and is also within a quarter mile of a known hibernacula.

The project will involve removal of 15 trees greater than 3 inches dbh, (≈ 0.05 acres) which may be used by

¹ <http://www.myminnesotawoods.umn.edu/2007/04/planting-trees/>, accessed on March 24, 2016

NLEB for foraging and swarming behavior shortly before and after hibernation.

Conservation measures for the NLEB to be implemented by Xcel Energy include conducting all tree clearing prior to April 1, 2016. NLEB are not anticipated to be using the affected trees at this time, therefore, it is very unlikely that any NLEB will be roosting or foraging in trees during vegetation removal. No direct injury or mortality of NLEB is anticipated. Tree removal could cause a decrease in foraging, roosting, and swarming opportunities for NLEB prior to and after hibernation. However, this area is adjacent to Pickerel Lake, the Mississippi River, and multiple wetland areas. Although the proposed activity is near an urban area, there is a forested flood plain along the river that is part of a regional park. This park contains mature trees suitable for NLEB roosting, swarming, and foraging behavior. This regional park and general area is unlikely to be developed or substantially changed in the future due to both its protections and lack of development opportunities (due to seasonal flooding). The removal of the 15 trees (approximately ≈ 0.05 acres) is unlikely to have a significant impact on NLEB due to the availability of habitat which will remain the area and because the tree removal will take place before April 1. Therefore, the proposed action is not likely to cause direct or indirect adverse effects to the NLEB. The construction phase of this project is anticipated to have No Effect on NLEB.

B. Determination: Determine the anticipated effects of the proposed project on species and critical habitats listed in item III. Check all applicable boxes and list the species (or attach a list) associated with each determination. **For assistance with making appropriate Section 7 determinations, go to Region 3's Section 7 Technical Assistance website: <http://www.fws.gov/midwest/endangered/section7/index.html>**

Determination

No Effect: This determination is appropriate when the proposed project will not directly or indirectly affect (neither negatively nor beneficially) individuals of listed/proposed/candidate species or designated/proposed critical habitat of such species. No concurrence from ESFO required.

May Affect but Not Likely to Adversely Affect: This determination is appropriate when the proposed project is likely to cause insignificant, discountable, or wholly beneficial effects to individuals and designated critical habitat. Concurrence from ESFO required.

X

May Affect and Likely to Adversely Affect: This determination is appropriate when the proposed project is likely to adversely impact individuals of listed species or designated critical habitat of such species. Concurrence from ESFO required.

Not Likely to Jeopardize candidate or proposed species/critical habitat: This determination is appropriate when the proposed project is not expected to jeopardize the continued existence of a species proposed for listing or a candidate species, or adversely modify an area proposed for designation as critical habitat. Concurrence from ESFO required.

Likely to Jeopardize candidate or proposed species/critical habitat: This determination is appropriate when the proposed project is reasonably expected to jeopardize the continued existence of a species proposed for listing or a candidate species, or adversely modify an area proposed for designation as critical habitat. Concurrence from ESFO required.

Signature

[Supervisor at originating station]

Date

March 24, 2016

Reviewing Ecological Services Office Evaluation (check all that apply):A. **Concurrence** ✓Nonconcurrence


Explanation for nonconcurrence:

B. Formal consultation required

List species or critical habitat unit

C. Conference required

List species or critical habitat unit

Name of Reviewing ES Office TWIN CITIES ESFOSignature Date 28 March 2016

PDF Page Reference	Invoice Number	Total Invoice (\$s)
[TRADE SECRET BEGINS]		
1		
5		
8		
11		
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15		
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[TRADE SECRET ENDS]		
Total		1,878,282.43

Note: Amounts above exclude non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.

PUBLIC DOCUMENT
NOT-PUBLIC OR PRIVILEGED INFORMATION EXCISED

Northern States Power Company

Docket No. G002/M-17-787
DOC Information Request No. 56
Attachment B - Pages 1 through 201

Attachment B is marked as Not-Public because it contains trade secret information as defined by Minn. Stat. §13.37(1)(b). Attachment B includes confidential vendor and contractor unit pricing information that derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Based on its economic value, the Company maintains this information as trade secret under the Minnesota Data Practices Act and pursuant to Minn. Rule 7829.0500.

Attachment B is marked as “Not-Public” in its entirety. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

1. **Nature of the Material:** Attachment B is a pdf collection of invoices and contractor time sheets pertaining to the Company's Island Line (South of the River) pipeline in-line inspection and replacement project.
2. **Authors:** Attachment B includes Q3 and Merjent invoices to Xcel Gas for contracted work on the Company's Island Line project.
3. **Importance:** We protect the included vendor and contractor unit pricing information as Not-Public, as it has independent economic value from not being known or ascertainable by other parties who could value from disclosure or use.
4. **Date the Information was Prepared:** Attachment B was prepared April 2018 for purposes of this response.

[TRADE SECRET BEGINS

TRADE SECRET ENDS]

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
Public Response Comments**

Docket No. G002/M-17-787

Dated this 6th day of December 2018

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allte.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_17-787_M-17-787
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121	Electronic Service	No	OFF_SL_17-787_M-17-787
Gail	Baranko	gail.baranko@xcelenergy.com	Xcel Energy	414 Nicollet Mall 7th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-787_M-17-787
Ryan	Barlow	Ryan.Barlow@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-787_M-17-787
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd. St, Louis, MO 63119-2044	Electronic Service	No	OFF_SL_17-787_M-17-787
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-787_M-17-787
Corey	Conover	corey.conover@minneapoli smn.gov	Minneapolis City Attorney	350 S. Fifth Street City Hall, Room 210 Minneapolis, MN 554022453	Electronic Service	No	OFF_SL_17-787_M-17-787
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174 Lake Elmo, MN 55042	Electronic Service	No	OFF_SL_17-787_M-17-787
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-787_M-17-787
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-787_M-17-787

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Edward	Garvey	edward.garvey@AESLconsulting.com	AESL Consulting	32 Lawton St Saint Paul, MN 55102-2617	Electronic Service	No	OFF_SL_17-787_M-17-787
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_17-787_M-17-787
Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP	Suite 1750 220 South Sixth Street Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_17-787_M-17-787
Kimberly	Hellwig	kimberly.hellwig@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-787_M-17-787
Annete	Henkel	mui@mnuutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-787_M-17-787
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_17-787_M-17-787
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	No	OFF_SL_17-787_M-17-787
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-787_M-17-787
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-787_M-17-787
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-787_M-17-787

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	OFF_SL_17-787_M-17-787
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	No	OFF_SL_17-787_M-17-787
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-787_M-17-787
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_17-787_M-17-787
Mary	Martinka	mary.a.martinka@xcelenergy.com	Xcel Energy Inc	414 Nicollet Mall 7th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-787_M-17-787
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_17-787_M-17-787
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David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_17-787_M-17-787
Amanda	Rome	amanda.rome@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-787_M-17-787
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-787_M-17-787

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-787_M-17-787
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_17-787_M-17-787
Cam	Winton	cwinton@mnchamber.com	Minnesota Chamber of Commerce	400 Robert Street North Suite 1500 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-787_M-17-787
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-787_M-17-787

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☐ Public Document

Xcel Energy

Docket No.: G002/M-17-787

Response To: MN Department of Commerce Information Request No. 56

Requestor: Dorothy Morrissey, Danielle Winner

Date Received: April 5, 2018

Question:

Topic: Transmission Pipeline Assessments – 2016 Projects

Reference(s): Attachment C, p. 25 and Response to DOC IR No. 21

Request: Reference Attachment C, page 25 and response to
DOC IR No. 21:

- A. Please provide copies of all correspondence between the Company, the Contractor and other relevant party, that addresses the weather and/or permitting issues leading to project delays and identify the specific pipeline assessment work to which the correspondence relates.
- B. Please provide copies of any correspondence relevant to overtime needs and/or authorization related to the project.
- C. Please provide documentation of any Force Majeure claim with respect to this project.
- D. Please discuss the frequency in which the Company conducted on-site project supervision and/or inspections.
- E. Please provide copies of all invoices related to the project(s) credited with the increased capital expenditures due to significant pumping and/or permitting issues.

Response:

- A. The weather and permitting delays referenced in the Company's response to DOC IR No. 21 and Petition Attachment C are related to the Island Line

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(South of the River) ILI and replacement project. Excess rain in the area resulted in construction delays due to the project's location adjacent to the Mississippi River and the associated high water table. Environmental permitting delays were also experienced due to migratory bats in the area and fledgling eagles, both of which delayed the start of construction. Correspondence related to weather and permitting delays on the Island Line (South of the River) project is included in Attachment A to this response.

- B. Documentation of overtime related to the Island Line (South of the River) project is included with the project invoices provided in Attachment B to this response.

Attachment B is marked as Not-Public because it contains trade secret information as defined by Minn. Stat. §13.37(1)(b). Attachment B includes confidential vendor and contractor unit pricing information that derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Based on its economic value, the Company maintains this information as trade secret under the Minnesota Data Practices Act and pursuant to Minn. Rule 7829.0500.

Attachment B is marked as "Not-Public" in its entirety. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

1. **Nature of the Material:** Attachment B is a pdf collection of invoices and contractor time sheets pertaining to the Company's Island Line (South of the River) pipeline in-line inspection and replacement project.
 2. **Authors:** Attachment B includes Q3 and Merjent invoices to Xcel Gas for contracted work on the Company's Island Line project.
 3. **Importance:** We protect the included vendor and contractor unit pricing information as Not-Public, as it has independent economic value from not being known or ascertainable by other parties who could value from disclosure or use.
 4. **Date the Information was Prepared:** Attachment B was prepared April 2018 for purposes of this response.
- C. No Force Majeure claims occurred related to the Island Line (South of the River) project in 2016.
- D. Throughout the duration of the project, a full time inspector was employed to supervise the construction crew. Additionally, the Company Project Manager

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or Engineer visited the project site approximately four times per week throughout the duration of construction.

- E. Invoices related to the Island Line (South of the River) are included in Attachment B to this response. The cover page to Attachment B is a totaling of all invoice amounts. Please note these amounts do not include non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.

Preparer: Ray Gardner
Title: Director
Department: Integrity Management Programs
Telephone: 303-571-3904
Date: April 23, 2018



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Daily Construction Report

Date:	<u>5/28/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>205</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 55°</u>	Inspection Hours:	<u>8</u>

Daily Observations:

Q3 began the day hauling pipe down to the old bike path and welding together 4 joints for Tuesday's installation. Due to the rain that is all Q3 was able to complete.



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Daily Construction Report

Date:	<u>6/1/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>11</u>

Daily Observations:

Q3 began open trenching the north end of the bike path. Once completed they ran into water issues and began pumping water out with two 3" water pumps. They then began setting the trench box in and cleaning out the area around the bored pipe so the welders could safely cut 65' of bore pipe out. The bore pipe was at a high angle, too high for the crew to safely weld in an open trench. The welders fabricated a fitting at the Sibly yard this morning, and began welding it this afternoon. Once it was welded on and it passed xray inspection, they walked the four joints of pipe down and began joining the two. After an hour or so it was determined that the fitting was not at the proper angle and needed to be cut out and redone. They will continue this process tomorrow morning.

Gabes continued to clean up and move their equipment out. I stopped by three times today to check up on their work. They will be continuing this process until Friday.



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Daily Construction Report

Date:	<u>6/2/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 began pumping water from the trench this morning, 3-4' of standing water was pumped out by 9:30 am. The welders immediately cut the fitting out and began altering it to the proper measurement for alignment. Once that was completed, Q3 began walking down the joints and welding it up. After the welds passed Xray, Q3 started laying the sand bags on the pipe and fill in the trench.

Gabes cleaned up very well today and will be completed mobilizing tomorrow.



Daily Construction Report

Date:	<u>6/3/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>8.5</u>

Daily Observations:

Q3 began the day by hauling three joints of pipe from the Sibly yard to the worksite on Island Line. They also began digging the trench box, and the trench so they could install three sections of pipe later in the day. Around 12:00pm I called Conrad to inform him that we will need a permit from the DNR for our water pumping. We would be over our 10,000 gallons a day maximum. Work was shut down from 12:30 pm to 1:30 pm while we waited for the permit process to complete. Conrad called at 1:30 pm to tell us we could proceed while the permit was processed.

Alice Messer with the city of St. Paul Parks Department came out for a site visit after a complaint was called into her boss. We went over the construction site and there were minor details in which she would like to have Q3 change. All of those issues were immediately dealt with and she seemed happy with the response.

Q3 suspended work at around 3:30 pm due to the rain.



Daily Construction Report

Date:	<u>6/4/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>11</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>8</u>

Daily Observations:

Q3 pumped out the excavated trench this morning, and started to weld in a four joint pipe. All xrays passed and the pipe was backfilled after the sand bags were lowered on to it. Q3 did a great job of cleaning up the jobsite as well as Gabe's area today.

Gabes still has their track hoe on the north end of the project, I will be calling Travis Monday morning to find out when they plan on moving it out.



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Daily Construction Report

Date:	<u>6/7/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>207</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 started the day by pumping water out of the previously dug trench, which took about an hour. They had all the proper environmental control in place along with extra straw logs along the filter bags. Once that was completed they began welding the fitting to the bore pipe. once that was welded in place a three joint piece was laid into the trench and welded on. Alignment looked great and Q3 finished out the day by placing the sand bags on top of the pipe and back filling.

Gabes trackhoe was still on the north end of the jobsite today.



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Daily Construction Report

Date:	<u>6/9/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 was going to tie the final joints together but due to the rain there was no attempt at trying to get the welders to the site. It would have done more harm than good. Q3 will try again tomorrow.

Alice Messer with St. Paul parks came out to meet with Ben, Dave and myself, to go over the schedule and plan for the Island Line, and Lillydale Park.



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Daily Construction Report

Date:	<u>6/13/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 72°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 decided to start fabricating and preparing for testing today due to the amount of rain we received on the Island Line jobsite.



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Daily Construction Report

Date:	<u>6/16/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 85°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 excavated around the bunker and ran into more water problems than on previous trenches on the project. The amount of water filling up the hole did not keep up with the pumps they had at the time. The made a quick run and retrieved larger pumps.

Robert Bullard a Lilydale city councilman came out for a site tour today around 1:00pm. His office received a call, earlier today, from Nancey complaining about our work. From my conversation with Robert he was told that we were polluting the lake. I informed him that we have had MPCA out to inspect our site as well as St.Paul parks and engineering departments on site and no concerns were given from them.I gave him my information and told him to give it to other city council members who have any questions or concerns.



Daily Construction Report

Date:	<u>6/17/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>206</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Sunny 75°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 started out by moving the shoring up the line. The welders mistakenly welded the Lake Elmo 16" tee instead of the 20". Once that was cut out re-welded and xrayed, they began to lower 90' of pipe into the ground. Q3 had it welded up and the hole filled in by the end of day. Water continues to be an issue and Q3 is doing a great job of keeping the whole from filling up. Q3's SWPPP is in great condition and they are constantly maintaining it.

John Bartunek with Xcel environmental came out to address any environmental concerns. I walked through the jobsite and he found nothing that needed to be done immediately. All suggestions/requests he had were above and beyond what is required, but we both agreed due to the light that has been placed on this project that it should be done. Q3 will finish all of John's requests by the end of the week.

There were no other visitors or safety concerns for today.



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Daily Construction Report

Date:	<u>6/30/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>Bike Path Installation</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>10</u>
Weather Conditions:	<u>Rain 70°</u>	Inspection Hours:	<u>8</u>

Daily Observations:

Q3 divided into two groups one at the maple wood station and another on the Island Line. The Island line crew began building up the bike path but had to stop due to the large amount of rain we received. The rest of the day was spent cleaning up for the fourth.

A city of St. Paul inspector, Tom Johnston, came out and requested we put up signs on the temp bike path by the bunker. I forward on that request to Ben.



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Daily Construction Report

Date:	<u>7/5/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>Clean Up</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>4</u>
Weather Conditions:	<u>Sunny 88°</u>	Inspection Hours:	<u>10</u>

Daily Observations:

Q3 cleaned up the jobsite today, and finished the temporary bike paths. All barricades were removed and new "Caution Loose Gravel" was installed at the entrances of the paths. The crew also removed the rain for rent frack tanks and secondary containments.

The SWPPP, on all three sites was gone over and all primary barriers were fixed. Secondary SWPPP was added by the bunker, and some was replaced by the south tie in. The storm tonight should give us a good idea of what to expect in the future for this site.



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Daily Construction Report

Date:	<u>7/20/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>?</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>4</u>
Weather Conditions:	<u>Sunny 95°</u>	Inspection Hours:	<u>5</u>

Daily Observations:

Q3 sent a couple guys down to make the adjustments to the Island Line that John had requested. Q3 also brought down a skid steer to rework some of the areas on the south tie in point and the bike path. Some of the area was to wet to work, it will need to be finished at a later time.



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Daily Construction Report

Date:	<u>8/4/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>?</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>?</u>
Weather Conditions:	<u>Heavy Rain 75°</u>	Inspection Hours:	<u>2</u>

Daily Observations:

SWPPP inspection due to the large amount of rain and flash floods in the area, will do a more formal walk through once the rain has let up tomorrow. Everything looked good some areas will need minor work done due to the large amounts of water.



477 Temperance Street
St. Paul, MN 55101
Phone: 651-286-8450
Fax: 651-286-8488
www.wsbeng.com



Daily Construction Report

Date:	<u>9/6/16</u>	Field Representative:	<u>FrankSchill</u>
Client:	<u>Xcel Energy</u>	Contractor:	<u>Q3</u>
WSB Project No.:	<u>02642-140</u>	Project No.:	<u>Lillydale Island TIMP</u>
Plan Sheet No.:	<u>?</u>	Foreman/Supt:	<u>David Holmberg</u>
Location:	<u>Lillydale RD. Mendota Heights, MN 55118</u>	Crew Size:	<u>0</u>
Weather Conditions:	<u>Rain 65°</u>	Inspection Hours:	<u>2</u>

Daily Observations:

I met with John B, Xcel Environmental, to go over Island Line after a significant rain event. Two minor SWPPP fence issues were noticed and a small amount of garbage will need to get taken away.

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Wednesday, May 25, 2016 5:36 PM
To: Troy Nelson; Hach, Ben; Dave Bredvick; Frank Schill; Miller, Conrad A
Subject: 5-25-16. Island line progress report.

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The drillers were able to complete the reaming process today and are ready for the pull back tomorrow. The welders continued at Farmington today and were able to get 6-20" welds done. All that is left their to do is the bolt ups for testing. Tomorrow x-ray will arrive at Farmington to inspect the welds until they are needed for the mid point weld tomorrow. I rained out the two laborers today as there was nothing for them to do today. Weather looks bad for the end of the week, so all outdoor activities will play by ear depending on the weather.

David Holmberg
Foreman
Q3 Contracting Inc.
[22098 Canton Court](#)
[Farmington, MN 55024](#)
Office – [651-463-1125](#)
Cell – 612-499-7873
Fax – [651-463-2591](#)
[www.prim.com](#)



“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Saturday, May 28, 2016 5:01 PM
To: Troy Nelson; Hach, Ben; Miller, Conrad A; Dave Bredvick; Frank Schill
Subject: 5-28-16. Island line progress report.

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The day began with getting pipe loaded up and down to the site. Eight joints were moved down there. The welders assembled a quadruple section to be placed in the ditch. Due to the limited space and the fact that the site is saturated from two days of rain, no more were assembled. After lunch all the rollers of Gabes were move back to the pipe yard and off site. Hopefully Tuesday xray will be able to arrive to inspect the welds as I would like to be able to get that section in the ground. They said they would try to make it.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Thursday, June 02, 2016 5:44 PM
To: Troy Nelson; Frank Schill; Dave Bredvick; Miller, Conrad A; Hach, Ben
Subject: 6-2-16. Island line progress report.

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The excavation had about 3' of water in it this morning. After the water was pumped clear of the hole the welders entered it and began work on fixing the angle on the fitting. This was completed around noon. After lunch the four joint section was carried into place and the line up was way better. Once the welding was completed, X-ray inspected the welds and they were good. 14 pipe weights were placed on the line and I gave the order to coat and backfill the entire ditch. The forecast doesn't look good for tomorrow and any open excavations would be ruined between ground water and possible rain. Tomorrow I will play it by ear on the weather and see what happens to make forward progress.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Saturday, June 04, 2016 5:18 PM
To: Troy Nelson; Dave Bredvick; Hach, Ben; Frank Schill; Miller, Conrad A
Subject: 6-4-16. Island line progress report.

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Pumped out the excavation this morning to place a 4 joint section. I had the welders put on a cap for this one to keep it dry inside. After they were done x-ray inspected the weld which was good. 14 pipe sack weights were placed on it and it was backfilled. Monday we will open up the first drill shot to begin placing pipe. We will work back to where we left off today. There is lots of water and the weather hasn't been helping. As always the site was cleaned up and swept for the weekend.

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“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: David Holmberg <david.holmberg@q3contracting.com>
Sent: Wednesday, May 11, 2016 6:11 PM
To: Troy Nelson; Dave Bredvick; Hach, Ben; Frank Schill; Miller, Conrad A
Subject: Progress report 5-11-16. Island line.

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Most my day was spent down at the Boatlanding watching the drillers and trying to aid them in anyway to help speed up the process of their set up. Any issues concerning the drillers in a timeframe have been addressed by Troy and myself and hopefully will not be a concern anymore. As far as the welding goes today the welders managed to accomplish 2-16inch welds and 1-20" weld. Hydro vac with the assistance of a backhoe at Mendota station continue today, The ground conditions have improved greatly so hopefully the process there will be sped up as well. I contacted Sabrina from the city of St. Paul today and as of this email have the permit that was needed to excavate in there right of way. A good portion of the tail ditch that was needed for the exit pit for the drillers was also excavated today, given the fact that rain started again this afternoon it will be finished in the morning and then the drill section set up on rollers ready to be pulled. The drill company will be in contact with us in the morning and hopefully have a tentative schedule lined out to clear up any more confusion. I was also supplied with the final prints for this project today and have given them to all who need them. The only foreseeable hick up on my end which I will address tomorrow is a mystery manhole in line with the second drill shot, no one seems to own it and no one wants to claim it. Troy recalled the locates for that location and I have a joint meeting set up tomorrow to address it. With all parties there I'm confident we can get an answer on who's it is, where it goes and if I'm lucky maybe even a print. I will update as time progresses.

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[www.prim.com](#)



“No business objective is so important that it will be pursued at the sacrifice of safety.”

Merkel, Jesse A

From: Andrea Sampson <asampson@merjent.com>
Sent: Wednesday, May 11, 2016 8:47 AM
To: Deanne Endrizzi
Cc: Margaret Rheude; Dean Sather; Rogers, Timothy G; Hach, Ben; briansullivan.mn@gmail.com; Rebecca Forman
Subject: Amendment - Xcel Island Line eagle nest disturbance permit

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Ms. Endrizzi –

On March 24, 2016, we received an eagle nest disturbance permit (permit #MB92282B-0) from your office for an eagle nest located at 44.921503,-93.116554 in Lilydale Regional Park.

We have had a change in the construction schedule for the Project: construction was originally slated for June and July of 2016, but due to changes in Xcel construction schedules, will now take place within the 660-foot buffer beginning **Thursday, May 12, 2016**. Construction is expected to be complete by mid-June.

We are still able to meet all the obligations specified in the permit, including daily monitoring of the nest. Visits to the site on Monday, May 9 and Tuesday, May 10 found the eagles still on the nest and behaving normally.

In speaking with Mags yesterday regarding the change, she mentioned a possible \$150 fee for any major amendments to the permit. Please let me know if this qualifies as such and we will have a check cut and delivered.

Please do not hesitate to contact me via e-mail or cell phone (612) 226-1331 with any questions you might have.

Thank you for your help -

Andrea

**Andrea Sampson**

TractorWorks Building	612.746.3660 main
800 Washington Avenue N.	612.924.3977 direct
Suite 315	612.226.1331 cell
Minneapolis, MN 55401	612.746.3679 fax

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Merkel, Jesse A

From: Andrea Sampson <asampson@merjent.com>
Sent: Wednesday, May 11, 2016 9:12 AM
To: Dean Sather; Rogers, Timothy G; Hach, Ben; briansullivan.mn@gmail.com; Rebecca Forman
Subject: FW: Amendment - Xcel Island Line eagle nest disturbance permit

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See below. Looks like we're in the clear on working within the 660 ft buffer.

Let me know if you have any questions...

Andrea

merjent

Andrea Sampson

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800 Washington Avenue N.	612.924.3977 direct
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Minneapolis, MN 55401	612.746.3679 fax

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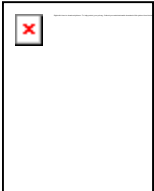
From: Endrizzi, Deanne [mailto:deanne_endrizzi@fws.gov]
Sent: Wednesday, May 11, 2016 9:06 AM
To: Andrea Sampson <asampson@merjent.com>; Margaret Rheude <Margaret_Rheude@fws.gov>; Larry Harrison <Larry_Harrison@fws.gov>
Subject: Re: Amendment - Xcel Island Line eagle nest disturbance permit

Hi Andrea:

I have discussed your request with our Permits supervisor and we agree that this is a minor administrative change to your application. The permit does not need to be amended since there are no time restrictions set forth on the permit, so a fee is not required. The email with your updated dates will be incorporated into your application.

Thanks,

Deanne Endrizzi
Wildlife Biologist
USFWS, Reg. 3, Migratory Bird Permit Office
5600 American Blvd. W, Suite 990
Bloomington, MN 55437
612-713-5441



2016 marks 100 years of the Migratory Bird Treaty. Help us celebrate [here](#).

On Wed, May 11, 2016 at 8:46 AM, Andrea Sampson <asampson@merjent.com> wrote:

Ms. Endrizzi –

On March 24, 2016, we received an eagle nest disturbance permit (permit #MB92282B-0) from your office for an eagle nest located at 44.921503,-93.116554 in Lilydale Regional Park.

We have had a change in the construction schedule for the Project: construction was originally slated for June and July of 2016, but due to changes in Xcel construction schedules, will now take place within the 660-foot buffer beginning **Thursday, May 12, 2016**. Construction is expected to be complete by mid-June.

We are still able to meet all the obligations specified in the permit, including daily monitoring of the nest. Visits to the site on Monday, May 9 and Tuesday, May 10 found the eagles still on the nest and behaving normally.

In speaking with Mags yesterday regarding the change, she mentioned a possible \$150 fee for any major amendments to the permit. Please let me know if this qualifies as such and we will have a check cut and delivered.

Please do not hesitate to contact me via e-mail or cell phone (612) 226-1331 with any questions you might have.

Thank you for your help -

Andrea



Andrea Sampson

TractorWorks Building	612.746.3660 main
800 Washington Avenue N.	612.924.3977 direct
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Minneapolis, MN 55401	612.746.3679 fax
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MINNESOTA DEPARTMENT OF NATURAL RESOURCES

Temporary

Water Appropriation General Permit Authorization

Expiration Date: 07/15/2016

Authorization Number
2016-1115

General Permit Number
1997-0005

On the basis of statements and information contained in the permit application, letters, maps, and plans submitted by the applicant and other supporting data, all of which are made part hereof by reference, **PERMISSION IS HEREBY GRANTED** to the applicant to perform actions as authorized below. Applicant must comply with all conditions listed in the above referenced General Permit.

Project Name: N/A	County: Ramsey	Watershed: Mississippi River - Twin Cities	Resource: Groundwater
Purpose of Permit: Construction Dewatering		Authorized Action: Withdrawal of up to 2.0 million gallons of water subject to the expiration date of this permit for construction dewatering. Appropriation for the construction of a new gas pipeline.	
Permittee: XCEL ENERGY CONTACT: BODENSTEINER, JIM 414 NICOLLET MALL, MP-4 MINNEAPOLIS, MN 55401 (612) 330-6625		Authorized Agent: N/A	
To Appropriate From: Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 490628m east, 4974177m north SESW of Section 12, T28N, R23W Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 490893m east, 4974359m north SWSE of Section 12, T28N, R23W Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 490990m east, 4974448m north SWSE of Section 12, T28N, R23W Sump : by means of a portable pump at a rate not to exceed 1000 gpm Point(s) of Taking UTM zone 15N, 491100m east, 4974550m north SWSE of Section 12, T28N, R23W Erosion and sediment controls shall comply with the requirements of the Minnesota Pollution Control Agency.			
Authorized Issuer: Jenifer Sorensen	Title: Area Hydrologist	Issued Date: 06/06/2016	Effective Date: 06/06/2016 Expiration Date: 07/15/2016

This permit is granted **subject to** the following **CONDITIONS**:

Applicant must comply with all conditions listed in General Permit 1997-0005.

cc: Jeanne Daniels, EWR District Manager
Jen Sorensen, DNR Area Hydrologist
Brad Johnson, Conservation Officers, Maplewood
Dennis Rodacker, BWSR Wetland Specialists, Ramsey
Joe Lochner, County, Ramsey
Joe Barten, Watershed District, LOWER MISSISSIPPI RIVER WMO
Andy Beaudet, Corps of Engineers, Ramsey
Ann WhiteEagle, SWCD, Ramsey Conservation District
Shari Moore, City, Saint Paul



MINNESOTA DEPARTMENT OF NATURAL RESOURCES

Amended
Water Appropriation General
Permit

General Permit Number
1997-0005

Expiration Date: 12/31/2016

Pursuant to Minnesota Statutes, Chapter 103G, and on the basis of statements and information contained in the permit application, letters, maps, and plans submitted by the applicant and other supporting data, all of which are made part hereof by reference, **PERMISSION IS HEREBY GRANTED** to the applicant to perform actions as authorized below. This permit supersedes the original permit and all previous amendments.

Project Name: Temporary Water Appropriations	County: All counties in Minnesota	Watershed: All watersheds in Minnesota	Resource: All surface and groundwaters of the state	
Purpose of Permit: Temporary water appropriations for dewatering, exploratory drilling, firefighting, training, landscaping, dust control, hydrostatic testing of pipelines, tanks, and wastewater ponds, and similar temporary purposes allowed by authorized DNR staff.		Authorized Action: Upon application to and approval by authorized DNR staff, temporary water appropriations from surface and groundwaters of the state, not to exceed 50 million gallons for a single project. Temporary appropriations authorized under this permit cannot exceed one year from the start of pumping.		
Permittee: Agencies, Governmental Subdivisions, and the General Public		Authorized Agent: N/A		
To Appropriate From: The Permittee must own, control, or have permission to access and use all lands where water is appropriated, conveyed, and used.				
Authorized Issuer: Tom Hovey	Title: Water Regulations Unit Supervisor	Issued Date: 08/10/2015	Effective Date: 08/10/2015	Expiration Date: 12/31/2016

This permit is granted **subject to** the following **CONDITIONS**:

LIMITATIONS: (a) Any violation of the terms and provisions of this permit and any appropriation of the waters of the state in excess of that authorized hereon shall constitute a violation of Minnesota Statutes, Chapter 103G. (b) This permit shall not be construed as establishing any priority of appropriation of waters of the state. (c) This permit is permissive only. No liability shall be imposed upon or incurred by the State of Minnesota or any of its employees, on account of the granting hereof or on account of any damage to any person or property resulting from any act or omission of the Permittee relating to any matter hereunder. This permit shall not be construed as estopping or limiting any legal claims or right of action of any person other than the state against the Permittee, for any damage or injury resulting from any such act or omission, or as estopping or limiting any legal claim or right of action of the state against the Permittee, for violation of or failure to comply with the provisions of the permit or applicable provisions of law. (d) In all cases where the doing by the Permittee of anything authorized by this permit shall involve the taking, using, or damaging of any property, rights or interests of any other person or persons, or of any publicly owned lands or improvements thereon or interests therein, the Permittee, before proceeding therewith, shall obtain the written consent of all persons, agencies, or authorities concerned, and shall acquire all property, rights, and interests necessary therefore. (e) This permit shall not release the Permittee from any other permit requirements or liability or obligation imposed by Minnesota Statutes, Federal Law, or local ordinances relating thereto and shall remain in force subject to all conditions and limitations now or hereafter imposed by law. (f) Unless explicitly specified, this permit does not authorize any alterations of the beds or banks of any public (protected) waters or wetlands. A separate permit must be obtained from the Department of Natural Resources prior to any such alteration.

GENERAL PERMIT CONDITIONS *(Continued from previous page)*

WATER USE REPORTING: (a) FLOW METER The Permittee shall equip each installation for appropriating or using water with a flow meter, unless another method of measuring the quantity of water appropriated to within ten (10) percent of actual amount withdrawn is approved by the Department. (b) REPORTS Monthly records of the amount of water appropriated or used shall be recorded for each installation. Such readings and the total amount of water appropriated or used shall be reported annually to the Director of DNR Ecological and Water Resources, on or before February 15 of the following year, via the MNDNR Permitting and Reporting System (MPARS) at www.mndnr.gov/mpars/signin. Any processing fee required by law or rule shall be submitted with the records whether or not any water was appropriated during the year. Failure to report shall be sufficient cause for terminating the permit 30 days following written notice. (c) TRANSFER OR ASSIGNMENT Any transfer or assignment of rights, or sale of property involved hereunder shall be reported within 90 days thereafter to the Director of DNR Ecological and Water Resources. Such notice shall be made by the transferee (i.e., new owner) and shall state the intention to continue the appropriation as stated in the permit. This permit shall not be transferred or assigned except with the written consent of the Commissioner. (d) MODIFICATION The Permittee must notify the Commissioner in writing of any proposed changes to the existing permit. This permit shall not be modified without first obtaining the written permission from the Commissioner.

COMMISSIONER'S AUTHORITY: (a) The Commissioner may inspect any installation utilized for the appropriation or use of water. The Permittee shall grant access to the site at all reasonable times and shall supply such information concerning such installation as the Commissioner may require. (b) The Commissioner may, as he/she deems necessary, require the Permittee to install gages and/or observation wells to monitor the impact of the Permittee's appropriation on the water resource and require the Permittee to pay necessary costs of installation and maintenance. (c) The Commissioner may restrict, suspend, amend, or cancel this permit in accordance with applicable laws and rules for any cause for the protection of public interests, or for violation of the provisions of this permit.

PUBLIC RECORD: All data, facts, plans, maps, applications, annual water use reports, and any additional information submitted as part of this permit, and this permit itself are part of the public record and are available for public inspection at the offices of DNR Ecological and Water Resources. The information contained therein may be used by the Division as it deems necessary. The submission of false data, statements, reports, or any such additional information, at any time shall be deemed as just grounds for revocation of this permit.

MONITORING REQUIREMENTS: Minnesota Statutes 103G.282 authorizes the Department of Natural Resources to require permittees to install and maintain monitoring equipment to evaluate water resource impacts from permitted appropriations. You may be required to modify or install automated measuring devices and keep records for each installation. The frequency of measurements and other requirements will be based on quantity of water appropriated, source of water, potential connections to other water resources, nature of concern, and other relevant factors.

DROUGHT PLANNING: In accordance with M.S. 103G.293, all permits must be consistent with the drought response plan detailed in the Statewide Drought Plan at http://files.dnr.state.mn.us/natural_resources/climate/drought/drought_plan_matrix.pdf.

WATER USE CONFLICT: If notified by the DNR that a water use conflict is suspected and probable from your appropriation, based on confirmation of a formal well interference complaint or a preliminary hydrologic assessment, all appropriation authorized by this permit must cease immediately until the interference is resolved. The permittee may be required to obtain additional data to support the technical analysis, such as domestic well information within a radius of one and one-half miles of the production well. The permittee and impacted party may engage in a negotiated settlement process and there may be modifications made to this permit in support of conflict resolution.

WATER CONSERVATION: All practical and feasible water conservation methods and practices must be employed to promote sound water management and use the least amount of water necessary, such as reuse and recycling water, water-saving devices, and water storage.

DISCHARGE AUTHORIZATION: This permit is valid only in conjunction with all required discharge authorizations from local, state, or federal government units.

WELL SEALING: The permittee shall notify the Minnesota Department of Health prior to sealing, removing, covering, plugging or filling the well(s) from which the authorized appropriation was made. The well(s) must be sealed by a licensed well driller and in accordance with the procedures required under Minnesota Statutes 103I and Minnesota Rules 4725 as administered by the Minnesota Department of Health.

CONSERVATION PLAN: The Permittee shall implement adequate soil and water conservation measures in order to protect water quality and prevent erosion and sedimentation and must comply with conservation plans and best

DEPARTMENT OF THE INTERIOR
U.S. FISH AND WILDLIFE SERVICE

Migratory Bird Permit Office

5600 American Blvd West, Suite 990 - Bloomington, MN 55437-1458

Tel: 612-713-5436 Fax: 612-713-5393

Email: permitsR3MB@fws.gov

FEDERAL FISH AND WILDLIFE PERMIT

1. PERMITTEE

NORTHERN STATES POWER COMPANY
414 NICOLLET MALL (MP 7A)
MINNEAPOLIS, MN 554012. AUTHORITY-STATUTES
16 USC 668aREGULATIONS
50 CFR 13
50 CFR 22.263. NUMBER
MB92282B-0

4. RENEWABLE

☒ YES
☐ NO

5. MAY COPY

☒ YES
☐ NO6. EFFECTIVE
03/24/20167. EXPIRES
12/31/2016

8. NAME AND TITLE OF PRINCIPAL OFFICER (If #1 is a business)

TIM G ROGERS
MANAGER, SITING AND LAND RIGHTS

9. TYPE OF PERMIT

EAGLE TAKE ASSOCIATED WITH BUT NOT THE PURPOSE OF AN
ACTIVITY

10. LOCATION WHERE AUTHORIZED ACTIVITY MAY BE CONDUCTED

Bald eagle nest at: 44.921503, -93.116554, Lilydale Regional Park, Ramsey County, Minnesota

11. CONDITIONS AND AUTHORIZATIONS:

A. GENERAL CONDITIONS SET OUT IN SUBPART D OF 50 CFR 13, AND SPECIFIC CONDITIONS CONTAINED IN FEDERAL REGULATIONS CITED IN BLOCK #2 ABOVE, ARE HEREBY MADE A PART OF THIS PERMIT. ALL ACTIVITIES AUTHORIZED HEREIN MUST BE CARRIED OUT IN ACCORD WITH AND FOR THE PURPOSES DESCRIBED IN THE APPLICATION SUBMITTED. CONTINUED VALIDITY, OR RENEWAL, OF THIS PERMIT IS SUBJECT TO COMPLETE AND TIMELY COMPLIANCE WITH ALL APPLICABLE CONDITIONS, INCLUDING THE FILING OF ALL REQUIRED INFORMATION AND REPORTS.

B. THE VALIDITY OF THIS PERMIT IS ALSO CONDITIONED UPON STRICT OBSERVANCE OF ALL APPLICABLE FOREIGN, STATE, LOCAL, TRIBAL, OR OTHER FEDERAL LAW.

C. VALID FOR USE BY PERMITTEE NAMED ABOVE.

D. You are authorized to disturb up to two (2) bald eagles tending their nest per year that may result in loss of productivity (1.3 chicks per year) and abandonment of their nests in 2016 at: 44.921503, -93.116554, Lilydale Regional Park, Ramsey County, Minnesota, during the course of the following activity: Maintenance and repair of underground pipeline and its associated activities outlined in the application, including tree and vegetation removal and construction.

E. The authorizations granted by permits issued under this section apply only to bald eagle take that results from activities conducted in accordance with the description contained in the permit application and the terms of the permit. If the permitted activity changes, you must immediately contact the U.S. Fish and Wildlife Service (Service) to determine whether a permit amendment is required in order to retain bald eagle take authorization.

F. In order to minimize the disturbance to a pair of nesting bald eagles you must comply with the following avoidance, minimization or other mitigation measures:

1) NSP will utilize established parking areas and pull-outs to stage vehicles. Every effort will be made to restrict non-essential vehicle and equipment traffic to areas within 660 feet of the known bald eagle nest. If the bald eagle nest is determined to be inactive (as evidenced by a lack of bald eagle activity for 10 days) after April 15, NSP will reduce the buffer to 330 feet.

2) To ensure bald eagles will not flush off their nest during inclement weather (heavy rain, heavy snow or gale force

☒ ADDITIONAL CONDITIONS AND AUTHORIZATIONS ALSO APPLY

12. REPORTING REQUIREMENTS

ISSUED BY

TITLE

CHIEF, MIGRATORY BIRD PERMIT OFFICE - REGION 3

DATE

03/24/2016

GENERAL PERMIT CONDITIONS *(Continued from previous page)*

management practices that may be required by the local Soil and Water Conservation District.

DISCHARGE EROSION AND SEDIMENT CONTROL: The Permittee shall ensure that discharge points are adequately protected from erosion and scour. The discharge shall be dispersed over sand bags, plastic sheeting, natural rock riprap, or other approved energy dissipation measures. Adequate sedimentation control measures are required for discharge water that contains suspended solids. Sediment control devices can be bypassed when the discharge water appears clear.

ENVIRONMENTAL IMPACTS: This permit is not valid in areas where trout streams, calcareous fens, or other significant environmental resources may be adversely impacted. In such areas or locations, a separate water appropriation permit application and permit may be required. The Area Hydrologist must be contacted for permit application requirements.

SURFACE WATER SOURCES: All pump intakes must be screened to prevent fish from being drawn in to the system. DNR Ecological and Water Resources may require the suspension of appropriations during periods of low flows and low water levels in order to maintain minimum flows and water levels within the watershed. This permit is not valid for appropriations from surface water sources that are infested with invasive species (Minn. Rules 6216.0500).

INVASIVE SPECIES - EQUIPMENT DECONTAMINATION & TEMPORARY DEWATERING: All equipment intended for use at a project site must be free of prohibited invasive species and aquatic plants prior to being transported into or within the state and placed into state waters. All equipment used in designated infested waters, shall be inspected by the Permittee or their authorized agent and adequately decontaminated prior to being transported from the worksite. The DNR is available to train inspectors and/or assist in these inspections. For more information refer to the "Best Practices for Preventing the Spread of Aquatic Invasive Species" at

http://files.dnr.state.mn.us/publications/ewr/invasives/ais/best_practices_for_prevention_ais.pdf. Contact your regional Invasive Species Specialist for assistance at www.mndnr.gov/invasives/contacts.html. A list of designated infested waters is available at http://files.dnr.state.mn.us/eco/invasives/infested_waters.pdf. A list of prohibited invasive species is available at www.mndnr.gov/eco/invasives/laws.html#prohibited.

APPLY USING MPARS: Prior authorization to use General Permit 1997-0005 must be obtained by submitting an application using the MNDNR Permitting and Reporting System (MPARS) at www.mndnr.gov/mpars/signin. Users will need to create an account the first time they access the system. Once created, users should click on the link in the Actions box called 'Apply for a New Permit/Authorization' and complete the application questions.

winds), no work will occur within 330 feet of the active bald eagle nest from one hour before sunset until one hour after sunrise.

- 3) Project-related vehicles will adhere to the posted maximum speed limit of 20 miles per hour (mph) on Lilydale Road to avoid impacting bald eagles that may be on the road, or create road kill which may attract bald eagles.
- 4) Retain as many mature trees around the bald eagle nest as possible in order to reduce visual and noise impacts.
- 5) Inform all site employees and contractors of the bald eagle nest presence and the federal protection it is afforded.
- 6) Ensure falling trees do not hit the bald eagle nest or structure that supports the bald eagle nest.
- 7) If during the construction phase (June and July) it appears that branching eaglets (pre-fledging) are disturbed by the activity to the point where they may injure themselves (jump from the nest), NSP will contact the Service immediately to determine what actions should take place. Possible actions may include working outside the 330 buffer for several hours to allow chicks time to settle down.

Voluntary measures:

- 1) NSP will monitor the bald eagle nest once a day when working within the 660 foot buffer zone.

- G. This permit does not authorize intentional take of live bald eagles, eggs or young.
- H. You must contact the migratory bird permit office immediately upon discovery of any unanticipated bald eagle take at 612-713-5441.
- I. While the permit is valid and for up to 3 years after it expires, you must allow Service personnel, or other qualified persons designated by the Service, access to the areas where bald eagles are likely to be affected, at any reasonable hour, and with reasonable notice from the Service, for purposes of monitoring bald eagles at the site(s).
- J. Subpermittees must be at least 18 years of age. You are responsible for ensuring that your subpermittees are qualified to perform the work and adhere to the terms of your permit. You are also responsible for maintaining current records of designated subpermittees. As the permittee, you are ultimately legally responsible for compliance with the terms and conditions of this permit and that responsibility may not be delegated.
- K. You and any subpermittees must carry a legible copy of this permit and display it upon request whenever exercising its authority.
- L. All of the provisions and conditions of the governing regulations at 50 CFR 13 and 50 CFR 22.26 are conditions of your permit. Failure to comply with the conditions of your permit could be cause for suspension of the permit and/or citation. For copies of the regulations, visit: www.fws.gov/permits/mbpermits/birdbasics.html.
- M. This permit does not authorize you to conduct activities on Federal, State, Tribal, or other public or private property other than your own without additional prior written permits or permission from the agency/landowner.
- N. You must maintain records as required in 50 CFR 13.46. All records relating to the permitted activities must be kept at the location indicated in writing by you to the Migratory Bird Permit Office at 5600 American Blvd. W, Bloomington, Minnesota, 55437.
- O. Acceptance of this permit authorizes the Service to inspect and audit or copy any permits, books or records required to be kept by the permit and governing regulations (50 CFR 13.46).
- P. Permittees and subpermittees operating under this permit may not take or disturb eagles contrary to the laws or regulations of any State, Tribal, or Municipal government, and none of the privileges of this authorization are valid unless the permittee possesses the appropriate State permits, or other authorizations, if required.
- Q. The Service is not liable for any damage or injury to person, wildlife, or property that occurs as the result of carrying out the activities associated with this permit.

Intra-Service Section 7 Biological Evaluation Form Region 3

Originating Person: Margaret RheudeDate Submitted: March 23, 2016Telephone Number: 952 – 252-0092 (x202)

For assistance with section 7 reviews, go to Region 3's Section 7 Technical Assistance website:
<http://www.fws.gov/midwest/endangered/section7/index.html>

I. Service Program and Geographic Area or Station Name:
Twin Cities Ecological Services Field Office, Bloomington, MN

II. Location: Location of the project including County, State and TSR (township, section & range):

City of Saint Paul in Dakota and Ramsey Counties. T-28, R-23, S-12, 13.
-93.116563 44.921460 (Decimal Degrees)

III. Species/Critical Habitat: List federally-listed, proposed, and candidate species or designated or proposed critical habitat that may occur within the action area:

Northern Long-Eared Bat (*Myotis septentrionalis*). Proposed project is also within ¼ mile of known hibernacula.

IV. Project Description: Describe the proposed project or action, including all conservation elements. If referencing other documents, prepare an executive summary. Include map and photos of site, if possible. (Attach additional pages as needed):

Northern States Power Company, a Minnesota corporation; cl/b/a Xcel Energy, Inc. ("Xcel Energy") is the project proponent and is proposing this activity. The project contains potential Northern Long-Eared Bat (NLEB) habitat, as well as an active bald eagle (*Haliaeetus leucocephalus*) nest within 660 feet of the proposed project. The proposed project is also within ¼ mile of a known bat hibernacula. Due to the possibility of a loss of productivity to bald eagles as a result of the project activities, the Project Proponent has applied for a non-purposeful eagle take permit. The eagle take permit, MB#92282B-0, was issued by the Fish and Wildlife Service's Migratory Bird permit office on March 24, 2016. In conjunction with this federal action, the Service must examine the impact of issuance of this permit on any listed species. The Service has determined this project is a "May Affect, Not Likely to Adversely Affect" the NLEB.

The Project is located within the City of Saint Paul, in Dakota and Ramsey Counties.

The Project is approximately 2000 feet in length, and is comprised of the replacement of 18-inch pipe with 20-inch pipe. The pipe replacement is proposed to provide a contiguous pipeline diameter along the route to facilitate scheduled pipeline inspections in support of the Transmission Integrity Management Program (TIMP). A receiver will also be installed to allow for initiation of the in-line inspections in 2017.

The Project will require two activity periods. First, one day of tree clearing will take place as early as possible (i.e., prior to April 1, 2016) to prevent impacts to a federally-listed species (the northern long eared bat). Brushing and mowing of the workspace will also take place at this time. Second, construction activities will take place in June and July, 2016, and will consist of trenching and boring activities to replace the pipe.

The project will involve removal of 15 trees greater than 3 inches dbh. Information about each tree removed can be found below in Table 1. At an estimate of a 12x12 spacing per tree (303 trees per acre)¹, this would account for a total loss of ≈ 0.05 acres of potential NLEB habitat.

TABLE 1 Measurement of Trees to be Removed for the Project			
Tree to be removed (starting at southern end of project)	Latitude	Longitude	dbh
1	44.9203	-93.1202	3.0
2	44.9205	-93.1195	4.0
3	44.9221	-93.1165	11.8
4	44.9220	-93.1165	10.5
5	44.9221	-93.1164	6.7
6	44.9226	-93.1157	9.1
7	44.9228	-93.1157	4.9
8	44.9228	-93.1157	7.6
9	44.9228	-93.1156	8.4
10	44.9228	-93.1156	5.1
11	44.9228	-93.1156	6.5
12	44.9226	-93.1155	7.2
13	44.9226	-93.1155	8.1
14	44.9229	-93.1155	6.1
15	44.9229	-93.1155	7.2 *measured at 3.75 ft. (45 in.) due to branching

A full description of the project and impacts to the bald eagle can be found in the Bald Eagle non-purposeful take permit application, submitted by Xcel Energy to FWS for processing on March 22, 2016, and in Xcel Energy's description of the project and its impacts to bats (received by FWS March 24, 2014).

Conservation measures for NLEB include conducting all tree clearing prior to April 1, 2016. NLEB are not anticipated to be on the landscape at this time, therefore, it is very unlikely that any NLEB will be roosting and foraging in trees during vegetation removal. No direct injury or mortality of NLEB is anticipated.

V. Determination of Effects:

A. Description of Effects: Describe how the action(s) will affect the species and critical habitats listed in item III, including how Part IV conservation elements benefit or avoid adverse effects. Your rationale for the Section 7 determinations made below (VB.) should be fully described here.

The proposed project may affect, but is not likely to adversely affect the Northern Long Eared Bat (NLEB). The proposed project takes place in an area where NLEB are likely to occur, and is also within a quarter mile of a known hibernacula.

The project will involve removal of 15 trees greater than 3 inches dbh, (≈ 0.05 acres) which may be used by

¹ <http://www.myminnesotawoods.umn.edu/2007/04/planting-trees/>, accessed on March 24, 2016

NLEB for foraging and swarming behavior shortly before and after hibernation.

Conservation measures for the NLEB to be implemented by Xcel Energy include conducting all tree clearing prior to April 1, 2016. NLEB are not anticipated to be using the affected trees at this time, therefore, it is very unlikely that any NLEB will be roosting or foraging in trees during vegetation removal. No direct injury or mortality of NLEB is anticipated. Tree removal could cause a decrease in foraging, roosting, and swarming opportunities for NLEB prior to and after hibernation. However, this area is adjacent to Pickerel Lake, the Mississippi River, and multiple wetland areas. Although the proposed activity is near an urban area, there is a forested flood plain along the river that is part of a regional park. This park contains mature trees suitable for NLEB roosting, swarming, and foraging behavior. This regional park and general area is unlikely to be developed or substantially changed in the future due to both its protections and lack of development opportunities (due to seasonal flooding). The removal of the 15 trees (approximately ≈ 0.05 acres) is unlikely to have a significant impact on NLEB due to the availability of habitat which will remain the area and because the tree removal will take place before April 1. Therefore, the proposed action is not likely to cause direct or indirect adverse effects to the NLEB. The construction phase of this project is anticipated to have No Effect on NLEB.

B. Determination: Determine the anticipated effects of the proposed project on species and critical habitats listed in item III. Check all applicable boxes and list the species (or attach a list) associated with each determination. **For assistance with making appropriate Section 7 determinations, go to Region 3's Section 7 Technical Assistance website: <http://www.fws.gov/midwest/endangered/section7/index.html>**

Determination

No Effect: This determination is appropriate when the proposed project will not directly or indirectly affect (neither negatively nor beneficially) individuals of listed/proposed/candidate species or designated/proposed critical habitat of such species. No concurrence from ESFO required.

May Affect but Not Likely to Adversely Affect: This determination is appropriate when the proposed project is likely to cause insignificant, discountable, or wholly beneficial effects to individuals and designated critical habitat. Concurrence from ESFO required.

X

May Affect and Likely to Adversely Affect: This determination is appropriate when the proposed project is likely to adversely impact individuals of listed species or designated critical habitat of such species. Concurrence from ESFO required.

Not Likely to Jeopardize candidate or proposed species/critical habitat: This determination is appropriate when the proposed project is not expected to jeopardize the continued existence of a species proposed for listing or a candidate species, or adversely modify an area proposed for designation as critical habitat. Concurrence from ESFO required.

Likely to Jeopardize candidate or proposed species/critical habitat: This determination is appropriate when the proposed project is reasonably expected to jeopardize the continued existence of a species proposed for listing or a candidate species, or adversely modify an area proposed for designation as critical habitat. Concurrence from ESFO required.

Signature

[Supervisor at originating station]

Date

March 24, 2016

Reviewing Ecological Services Office Evaluation (check all that apply):A. **Concurrence** ✓Nonconcurrence

Explanation for nonconcurrence:

B. Formal consultation required

List species or critical habitat unit

C. Conference required

List species or critical habitat unit

Name of Reviewing ES Office TWIN CITIES ESFOSignature Date 28 March 2016

PDF Page Reference	Invoice Number	Total Invoice (\$s)
[TRADE SECRET BEGINS]		
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[TRADE SECRET ENDS]		
Total		1,878,282.43

Note: Amounts above exclude non-GUIC recoverable costs associated with internal labor and internal labor-related Engineering and Supervision (E&S) overhead charges.

PUBLIC DOCUMENT
NOT-PUBLIC OR PRIVILEGED INFORMATION EXCISED

Northern States Power Company

Docket No. G002/M-17-787
DOC Information Request No. 56
Attachment B - Pages 1 through 201

Attachment B is marked as Not-Public because it contains trade secret information as defined by Minn. Stat. §13.37(1)(b). Attachment B includes confidential vendor and contractor unit pricing information that derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Based on its economic value, the Company maintains this information as trade secret under the Minnesota Data Practices Act and pursuant to Minn. Rule 7829.0500.

Attachment B is marked as “Not-Public” in its entirety. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

1. **Nature of the Material:** Attachment B is a pdf collection of invoices and contractor time sheets pertaining to the Company's Island Line (South of the River) pipeline in-line inspection and replacement project.
2. **Authors:** Attachment B includes Q3 and Merjent invoices to Xcel Gas for contracted work on the Company's Island Line project.
3. **Importance:** We protect the included vendor and contractor unit pricing information as Not-Public, as it has independent economic value from not being known or ascertainable by other parties who could value from disclosure or use.
4. **Date the Information was Prepared:** Attachment B was prepared April 2018 for purposes of this response.

[TRADE SECRET BEGINS

TRADE SECRET ENDS]