

→Release Date 11/16/09←

MINNESOTA DEPARTMENT OF COMMERCE

**NOTICE OF AVAILABILITY
FINAL ENVIRONMENTAL IMPACT STATEMENT**

**Large Electric Power Generating Plant Site
High Voltage Transmission Line Route
Natural Gas Pipeline Route (Partial Exemption)
Joint Permit Application
Mesaba Energy Project Proposed by Excelsior Energy, Inc.
PUC Docket No. E6472/GS-06-668**

PLEASE TAKE NOTICE that the Minnesota Department of Commerce (DOC) announces the availability of the Final Environmental Impact Statement (FEIS) for the Mesaba Energy Project (PUC Docket E6472/GS-06-668) for public comment.

Copies of the FEIS can be obtained through the DOC Project Manager and may be viewed at the Public Utilities Commission (Commission) web site:

<http://energyfacilities.puc.state.mn.us/Docket.html?Id=16573>

Copies are also available for viewing at the following public libraries: Hoyt Lakes, Hibbing, Bovey, and Grand Rapids.

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

The public will also have until Wednesday, December 2, 2009, to submit written comments to the ALJ on the adequacy of the FEIS. Written comments should be mailed to Steve M. Mihalchick, Administrative Law Judge, Minnesota Office of Administrative Hearings, PO Box 64620, St. Paul, Minnesota 55164-0620.

Background. On June 19, 2006, Excelsior Energy submitted to the Commission a Joint Permit Application for a large electric power generating plant (LEPGP) site permit, a high voltage transmission line (HVTL) routing permit and a pipeline (partial exemption) routing permit associated with the proposed Mesaba Energy Project. On July 6, 2006, the Commission accepted the application as substantially complete and notified the applicant in writing of the decision.

Regulatory Review Process. In accordance with the Power Plant Siting Act (Minnesota Statutes, 216E.001 through 216E.18) a site permit and a route permit are required before a large electric power generating plant (LEPGP) or high voltage transmission line (HVTL) can be constructed. The power plant siting act requirement became law in 1973. The rules to implement the permitting requirement for LEPGP are in Minnesota Rules Chapter 7850.1000 through 7850.5600.

A LEPGP is defined as any electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more. A HVTL is defined as a conductor of electric energy and associated facilities designed for and capable of

operating at a nominal voltage of 100 kilovolts or more either immediately or without significant modification.

A pipeline route permit from the Commission is required for the construction of certain pipelines (Minnesota Statutes 216G.01 through 216G.12). The Commission has jurisdiction over pipelines that are designed to carry natural gas and be operated at a pressure of more than 275 pounds per square inch. However, the Commission's authority does not apply to interstate natural gas pipelines regulated under the federal Natural Gas Act and to pipeline owners or operators who are defined as a natural gas public utility under (Minnesota Statutes 216G.06).

Minnesota Rule Chapter 7850.1600, Joint Processing, allows an applicant to combine applications for a LEPGP site permit, a HVTL route permit and a pipeline route permit into a single, joint filing.

Excelsior Energy's Joint Permit Application is being reviewed under the Full Review Process (Minnesota Rule Chapter 7850.1700) within the Power Plant Siting Act. Under the full permitting process the applicant is required to submit two sites and/or routes (i.e., a preferred and an alternate) for consideration. As part of the permitting process, the Department of Commerce is responsible for certain procedural requirements (i.e., public notice and meetings), issuing the EIS Scoping Decision and the preparation of an Environmental Impact Statement (EIS). A contested case hearing was also held following completion of the draft EIS. The Commission will make the final decision; that decision includes a determination on the adequacy of the EIS and the determination whether to grant the requested permits, as well as, site/route selection and permit conditions.

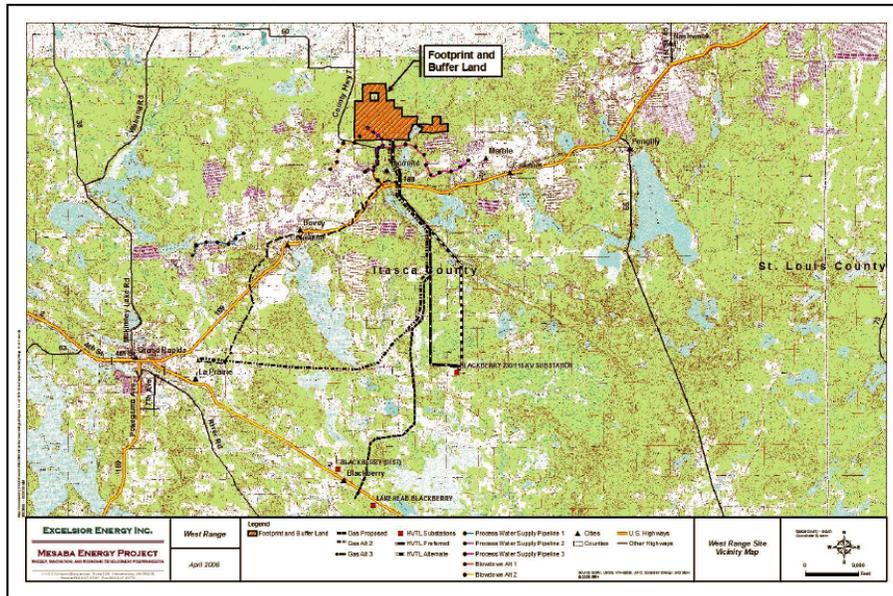
Project Description. Excelsior Energy is proposing to construct and operate a coal-feedstock Integrated Gasification Combined Cycle ("IGCC") power plant. The proposed power plant will be constructed in two phases; each phase will be capable of producing approximately 600 MW (net) of baseload power.

The two sites under consideration are located on the Iron Range. The applicant's preferred site, referred to as the West Range site (approximately 1,260 acres) is located just north of the city of Taconite in Itasca County, MN. The alternative site, referred to as the East Range site (approximately 825 acres) is located about one mile north of the city of Hoyt Lakes in St. Louis County, MN.

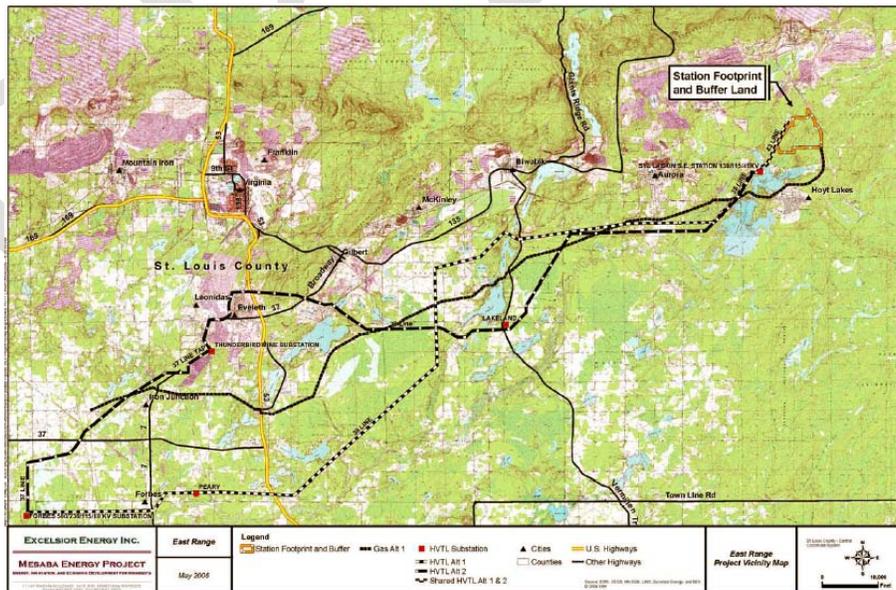
In the E-GasTM process, coal, petroleum coke, or blends of coal and petroleum coke are crushed, slurried with water, and pumped into a pressurized vessel (the gasifier) along with purified amounts of oxygen. In the gasifier, controlled reactions take place, thermally converting feedstock materials into a gaseous fuel known as synthetic gas, or syngas. The syngas is cooled, cleaned of contaminants, and then combusted in a combustion turbine (CT), which is directly connected to an electric generator. The assembly of the CT and generator is known as a combustion turbine generator (CTG). The expansion of hot combustion gases inside the CT creates rotational energy that spins the generator and produces electricity. The hot exhaust gases exiting the CTG pass through a heat recovery steam generator (HRSG), a type of boiler, where steam is produced. The resulting steam is piped to a steam turbine that is connected to an electric generator. The expansion of steam inside the steam turbine spins the generator to produce an additional amount of electricity. When a CTG and a steam turbine generator (STG) are operated in tandem at one location to produce electricity, the combination of equipment is referred to as a combined cycle electric power plant. Combining the gasification process with the combined cycle design is known as integrated gasification combined cycle (IGCC).

When both phases are completed the power block will consist of two CTG (approximately 220 MW each) and one STG (approximately 300 MW). Three gasifiers, two on-line and one off-line during operation, will supply the CTG with syngas. Power generated from the project will be interconnected to the regional electrical grid via high voltage transmission lines, either at the Blackberry or Forbes substations depending on which site (i.e., West Range or East Range, respectively) is selected.

Inquiries about this project should be directed to the DOC project manager, Bill Storm (bill.storm@state.mn.us) or the public adviser, Deb Pile (Deborah.Pile@State.mn.us) 85 7th Place East, Suite 500, St. Paul, MN 55101, telephone 651.296.9535, (toll free 1.800.657.3794), facsimile 651.296.3698 (TTY relay service 800.627.3529).



WEST RANGE SITE



EAST RANGE SITE