

1. INTRODUCTION

Excelsior Energy Inc. (“Excelsior”), on behalf of its wholly-owned subsidiaries, MEP-I LLC and MEP-II LLC (MEP-I LLC and MEP-II LLC, together, the “Applicant” or the “Company”) respectfully submits and hereby applies to the Minnesota Public Utilities Commission (“MPUC”) for site permits to construct and operate at a site in Northeastern Minnesota a 1,212 megawatt_(net) (“MW”) integrated gasification combined cycle (“IGCC”) electric power generating station (hereafter, the “IGCC Power Station” or “Station”), its associated high-voltage transmission lines (“HVTL” or “HVTLs”), and a natural gas pipeline. The IGCC Power Station consists of Phase I and Phase II of the Mesaba Energy Project (hereafter, “Mesaba One” and “Mesaba Two,” respectively) each phase of which is nominally rated at peak to deliver 606 MW of electricity to the bus bar of the high voltage switchyard located within the Station’s fenced boundary.

The site at which the IGCC Power Station will be constructed and the HVTL routes to be used to interconnect the Station to the regional electric grid (hereafter, the point of interconnection or “POI”) must be determined in accordance with procedures established under the Minnesota Power Plant Siting Act (Minn. Stat. §§ 116C.51-.69) and Minn. R. ch. 4400 (the “Applicable Rules”).

In accordance with the Applicable Rules, the Applicant is proposing two locations at which the IGCC Power Station could be constructed and is providing an Application containing the necessary information to secure both a Large Electric Power Generating Plant (“LEPGP”) Site Permit and HVTL Route Permits (collectively, the “PPSA Permit Application”) at each of the two locations. The Applicant is designating the West Range Site as its preferred Site, and this PPSA Permit Application provides details on and justification for such designation. Further, this Application and the analysis contained in various pre-construction permit applications for air, water, and water appropriation permits, demonstrates that both sites are licensable and will not violate air emissions or wastewater discharge standards.

Because use of natural gas is required for starting up Mesaba One and Mesaba Two, and as a backup fuel for the Station, both of the proposed Sites will require construction of a natural gas pipeline to obtain such fuel. However, only the preferred Site (the West Range Site) will require the Applicant to obtain a pre-construction pipeline routing permit (the procedures for preparing a Pipeline Routing Permit Application and the decision-making criteria for the issuance of such a permit are governed by Minn. Stat. § 116I and rules promulgated at Minn. R. ch. 4415 (together, the “Pipeline Rules”). At the Applicant’s preferred West Range Site, the associated natural gas pipeline may be constructed and owned by the Applicant or by a municipal entity or entities, or their respective municipal gas utilities. At the Applicant’s alternate site (the East Range Site), the associated natural gas pipeline would be constructed and owned by an interstate natural gas pipeline company, and therefore would be licensed by the Federal Energy Regulatory Commission (“FERC”) using the process outlined in Section 1.10.2.8. No state pipeline routing permit would be required for the East Range Site.

The PPSA Permit Application and Pipeline Routing Permit Application requirements and an application completeness checklist are presented below:

Application Content Requirement and Completeness Checklist

APPLICATION REQUIREMENTS	APPLICATION SECTION
LEPGP Site Permit Application Requirements (Minn. R. 4400.1150, Subp. 1)	
A. A statement of proposed ownership of the facility as of the day of filing and after commercial operation.	1.4 Statement of Ownership
B. The precise name of any person or organization to be initially named as permittee or permittees and the name of any other person to whom the permit may be transferred if transfer of the permit is contemplated.	1.4 Statement of Ownership
C. At least two proposed sites for the proposed large electric power generating plant and identification of the applicant's preferred site and the reasons for preferring the site.	Section 2 Overview of Sites and Routes 2.7 Summary Comparison of West Range and East Range Sites
D. A description of the proposed large electric power generating plant and all associated facilities, including the size and type of the facility.	Section 1 Introduction Section 3 Generating Plant Engineering and Operational Design
E. The environmental information required under subpart 3.	Section 7 West Range (Preferred) Site Environmental Impacts Section 8 East Range (Alternate) Site Environmental Impacts
F. The engineering and operational design for the large electric power generating plant at each of the proposed sites.	Section 3 Generating Plant Engineering and Operational Design
G. A cost analysis of the large electric power generating plant at each proposed site, including the costs of constructing and operating the facility that are dependent on design and site.	2.8 IGCC Power Station Cost Estimate
H. An engineering analysis of each of the proposed sites, including how each site could accommodate expansion of generating capacity in the future.	1.9 Future Expansion 1.9.1 LEPPG Sites Section 3 Generating Plant Engineering and Operational Design (especially 3.2 IGCC Power Station Footprint)

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APPLICATION REQUIREMENTS	APPLICATION SECTION
I. Identification of transportation, pipeline, and electrical transmission systems that will be required to construct, maintain, and operate the facility.	Section 2 Overview of Sites and Routes Section 3 Generating Plant Engineering and Operational Design (especially 3.5 Transportation Infrastructure and 3.6 Water Supply and Water/Wastewater Management Infrastructure)
J. A listing and brief description of federal, state, and local permits that may be required for the project at each proposed site.	1.10 Other Permits
K. A copy of the Certificate of Need for the project from the Public Utilities Commission or documentation that an application for a Certificate of Need has been submitted or is not required.	1.10.1 Innovative Energy Projects and Their Exemption from Certificate of Need Procedures
HVTL Route Permit Application Requirements (Minn. R. 4400.1150, Subp. 2)	
A. A statement of proposed ownership of the facility at the time of filing the application and after commercial operation.	1.4 Statement of Ownership
B. The precise name of any person or organization to be initially named as permittee or permittees and the name of any other person to whom the permit may be transferred if transfer of the permit is contemplated.	1.4 Statement of Ownership
C. At least two proposed routes for the proposed high voltage transmission line and identification of the applicant's preferred route and the reasons for the preference.	Section 2 Overview of Sites and Routes 2.7 Summary Comparison of West Range and East Range Sites
D. A description of the proposed high voltage transmission line and all associated facilities including the size and type of the high voltage transmission line.	Section 1 Introduction Section 4 Transmission Line Engineering and Operational Design
E. The environmental information required under subpart 3.	Section 7 West Range (Preferred) Site Environmental Impacts Section 8 East Range (Alternate) Site Environmental Impacts
F. Identification of land uses and environmental conditions along the proposed routes.	Section 7 West Range (Preferred) Site Environmental Impacts Section 8 East Range (Alternate) Site Environmental Impacts
G. The names of each owner whose property is within any of the proposed routes for the high voltage transmission line.	To be included on notification list.

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APPLICATION REQUIREMENTS	APPLICATION SECTION
H. United States Geological Survey topographical maps or other maps acceptable to the chair showing the entire length of the high voltage transmission line on all proposed routes.	Figure 2.2-1 West Range Preferred and Alternate HVTL Routes with Milepost Indicators Figure 2.2-5 East Range Preferred and Alternate HVTL Routes and Proposed Natural Gas Pipeline Route with Milepost Indicators
I. Identification of existing utility and public rights-of-way along or parallel to the proposed routes that have the potential to share the right-of-way with the proposed line.	2.5.3 [West Range] HVTL Routes 2.6.3 [East Range] HVTL Routes
J. The engineering and operational design concepts for the proposed high voltage transmission line, including information on the electric and magnetic fields of the transmission line.	Section 4 Transmission Line Engineering and Operational Design
K. Cost analysis of each route, including the costs of constructing, operating, and maintaining the high voltage transmission line that are dependent on design and route.	2.8 Transmission Line Cost Estimates
L. A description of possible design options to accommodate expansion of the high voltage transmission line in the future.	1.9 Future Expansion 1.9.2 HVTL Routes
M. The procedures and practices proposed for the acquisition and restoration of the right-of-way, construction, and maintenance of the high voltage transmission line.	4.4 Transmission Line Construction 9.5 Transmission Line Operation and Maintenance
N. A listing and brief description of federal, state, and local permits that may be required for the proposed high voltage transmission line.	1.8.2 Other Permits
O. A copy of the Certificate of Need or the certified HVTL list containing the proposed high voltage transmission line or documentation that an application for a Certificate of Need has been submitted or is not required.	1.10.1 Innovative Energy Projects and Their Exemption from Certificate of Need Procedures
Environmental Information Requirements for both Site and Route Permit Applications (Minn. R. 4400.1150, Subp. 3)	
A. A description of the environmental setting for each site or route.	Section 7 West Range (Preferred) Site Environmental Impacts Section 8 East Range (Alternate) Site Environmental Impacts

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APPLICATION REQUIREMENTS	APPLICATION SECTION
<p>B. A description of the effects of construction and operation of the facility on human settlement, including, but not limited to, public health and safety, displacement, noise, aesthetics, socioeconomic impacts, cultural values, recreation, and public services.</p>	<p><u>Non-Site-Specific Information</u> 6.1 Regional Social and Economic Impacts 6.2 Electric and Magnetic Fields <u>West Range Site</u> 7.1 Land Use 7.2 Nearby Residences and Other Significant Receptors 7.2.9 Displacement 7.3 Aesthetics 7.4 Air Quality 7.9 Noise 7.10 Transportation and Traffic 7.11.1 Public Services 7.11.3 Population Trends and Demographics <u>East Range Site</u> 8.1 Land Use 8.2 Nearby Residences and Other Receptors 8.3 Aesthetics 8.4 Air Quality 8.9 Noise 8.10 Transportation and Traffic 8.11.1 Public Services 8.11.3 Population Trends and Demographics</p>
<p>C. A description of the effects of the facility on land-based economies, including, but not limited to, agriculture, forestry, tourism, and mining.</p>	<p>Section 6.1.11 Effects on Agriculture, Forestry, Tourism and Mining</p>
<p>D. A description of the effects of the facility on archaeological and historic resources.</p>	<p><u>West Range Site</u> 7.11.2 Archaeological and Historical Resources <u>East Range Site</u> 8.11.2 Archaeological and Historical Resources</p>

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APPLICATION REQUIREMENTS	APPLICATION SECTION
E. A description of the effects of the facility on the natural environment, including effects on air and water quality resources and flora and fauna.	<u>West Range Site</u> 7.4 Air Quality 7.5 Geology and Soils 7.6 Water Resources and Water Quality 7.7 Wetlands 7.8 Ecological Resources: Plants, Animals and Endangered Species <u>East Range Site</u> 8.4 Air Quality 8.5 Geology and Soils 8.6 Water Resources and Water Quality 8.7 Wetlands 8.8 Ecological Resources: Plants, Animals and Endangered Species
F. A description of the effects of the facility on rare and unique natural resources.	<u>West Range Site</u> 7.8.3 Rare and Unique Natural Resources <u>East Range Site</u> 8.8.3 Rare and Unique Natural Resources
G. Identification of human and natural environmental effects that cannot be avoided if the facility is approved at a specific site or route.	Section 2.7 Summary Comparison of West Range and East Range Sites Section 7 West Range (Preferred) Site Environmental Impacts Section 8 East Range (Alternate) Site Environmental Impacts
H. A description of measures that might be implemented to mitigate the potential human and environmental impacts identified in items A to G and the estimated costs of such mitigative measures.	Section 2.7 Summary Comparison of West Range and East Range Sites Section 3 Generating Plant Engineering and Operational Design Section 4 Transmission Line Engineering and Operational Design Section 5 Gas Pipeline Engineering and Operational Design Section 6 Non-Site Specific Environmental Information Section 7 West Range (Preferred) Site Environmental Impacts Section 8 East Range (Alternate) Site Environmental Impacts

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APPLICATION REQUIREMENTS		APPLICATION SECTION
Information Requirements for Pipeline Route Permit Applications (Minn. R. Chapter 4415)		
4415.0115	GENERAL INFORMATION	
Subp. 1.	Cover letter. Each application must be accompanied by a cover letter signed by an authorized representative or agent of the applicant. The cover letter must specify the type, size, and general characteristics of the pipeline for which an application is submitted.	Cover letter
Subp. 2.	Title page and table of contents. Each application must contain a title page and a complete table of contents.	Title Page and Table of Contents
Subp. 3.	Statement of ownership. Each application must include a statement of proposed ownership of the pipeline as of the day of filing and an affidavit authorizing the applicant to act on behalf of those planning to participate in the pipeline project.	1.4.1 Statement of Ownership Exhibit 1 Affidavit of Authorization
Subp. 4.	Background information. Each application must contain the following information.	1.4.1 Statement of Ownership
A.	The applicant's complete name, address, and telephone number.	1.4.1 Statement of Ownership
B.	The complete name, title, address, and telephone number of the authorized representative or agent to be contacted concerning the applicant's filing.	1.4.1 Statement of Ownership
C.	The signatures and titles of persons authorized to sign the application, and the signature of the preparer of the application if prepared by an outside representative or agent.	1.4.1 Statement of Ownership
D.	A brief description of the proposed project which includes:	Section 1 Introduction 2.5.4 West Range Proposed Natural Gas Pipeline Route
(1)	General location.	2.5.4.1 General Location
(2)	Planned use and purpose.	2.5.4.2 Planned Use and Purpose
(3)	Estimated cost.	5.8 Estimated Cost

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APPLICATION REQUIREMENTS		APPLICATION SECTION
(4)	Planned in-service date.	2.5.4.1 Planned In-Service Date
(5)	General design and operational specifications for the type of pipeline for which an application is submitted.	2.5.4.5 General Design and Operational Specifications
4415.0120	DESCRIPTION OF PROPOSED PIPELINE AND ASSOCIATED FACILITIES.	Section 5 Natural Gas Pipeline Engineering and Operational Design
Subp. 1.	Pipeline design specifications. The specifications for pipeline design and construction are assumed to be in compliance with all applicable state and federal rules or regulations unless determined otherwise by the state or federal agency having jurisdiction over the enforcement of such rules or regulations. For public information purposes, the anticipated pipeline design specifications must include but are not limited to:	5.1 Pipeline Design Specifications
A.	Pipe size (outside diameter) in inches.	
B.	Pipe type.	
C.	Nominal wall thickness in inches.	
D.	Pipe design factor.	
E.	Longitudinal or seam joint factor.	
F.	Class location and requirements, where applicable.	
G.	Specified minimum yield strength in pounds per square inch.	
H.	Tensile strength in pounds per square inch.	
Subp. 2.	Operating pressure. Operating pressure must include:	5.2 Operating Pressure
A.	Operating pressure (psig).	
B.	Maximum allowable operating pressure (psig).	
Subp. 3.	Description of associated facilities. For public information purposes, the applicant shall provide a general description of all pertinent associated facilities on the right-of-way.	5.3 Associated Facilities

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APPLICATION REQUIREMENTS		APPLICATION SECTION
Subp. 4.	Product capacity information. The applicant shall provide information on planned minimum and maximum design capacity or throughput in the appropriate unit of measure for the types of products shipped as defined in part 4415.0010.	5.4 Product Description and Capacity Information
Subp. 5.	Product description. The applicant shall provide a complete listing of products the pipeline is intended to ship and a list of products the pipeline is designed to transport, if different from those intended for shipping.	5.4 Product Description and Capacity Information
Subp. 6.	Material safety data sheet. For each type of product that will be shipped through the pipeline, the applicant shall provide for public information purposes the material identification, ingredients, physical data, fire and explosive data, reactivity data, occupational exposure limits, health information, emergency and first aid procedures, transportation requirements, and other known regulatory controls.	5.4 Product Description and Capacity Information Appendix 4 Natural Gas Pipeline Products Material Safety Data Sheets
4415.0125	LAND REQUIREMENTS. For the proposed pipeline, the applicant shall provide the following information:	5.5 Land Requirements
A.	Permanent right-of-way length, average width, and estimated acreage.	
B.	Temporary right-of-way (workspace) length, estimated width, and estimated acreage.	
C.	Estimated range of minimum trench or ditch dimensions including bottom width, top width, depth, and cubic yards of dirt excavated.	
D.	Minimum depth of cover for state and federal requirements.	
E.	Rights-of-way sharing or paralleling: type of facility in the right-of-way, and the estimated length, width, and acreage of the right-of-way.	

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APPLICATION REQUIREMENTS		APPLICATION SECTION
4415.0130	PROJECT EXPANSION. If the pipeline and associated facilities are designed for expansion in the future, the applicant shall provide a description of how the proposed pipeline and associated facilities may be expanded by looping, by additional compressor and pump stations, or by other available methods.	1.9 Future Expansion
4415.0135	RIGHT-OF-WAY PREPARATION PROCEDURES AND CONSTRUCTION ACTIVITY SEQUENCE. Each applicant shall provide a description of the general right-of-way preparation procedures and construction activity sequence anticipated for the proposed pipeline and associated facilities.	5.6 Gas Pipeline Construction
4415.0140	LOCATION OF PREFERRED ROUTE AND DESCRIPTION OF ENVIRONMENT.	
Subp.1.	Preferred route location. The applicant must identify the preferred route for the proposed pipeline and associated facilities, on any of the following documents which must be submitted with the application:	Section 1 Introduction 2.5.4 Natural Gas Pipeline Routes Figure 2.5-17
A.	United States Geological Survey topographical maps to the scale of 1:24,000, if available.	Figure 2.5-17 West Range Natural Gas Pipeline Route Milepost Map
B.	Minnesota Department of Transportation county highway maps.	Not included (see item C.)
C.	Aerial photos or other appropriate maps of equal or greater detail in items A and B. The maps or photos may be reduced for inclusion in the application. One full-sized set shall be provided to the PUC.	Figure 2.5-13 West Range Proposed Natural Gas Pipeline Route: Segment 1 Figure 2.5-14 West Range Proposed Natural Gas Pipeline Route: Segment 2 Figure 2.5-15 West Range Proposed Natural Gas Pipeline Route: Segment 3 Figure 2.4-16 West Range Proposed Natural Gas Pipeline Route: Segment 4

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APPLICATION REQUIREMENTS		APPLICATION SECTION
Subp. 2.	Other route locations. All other route alternatives considered by the applicant must be identified on a separate map or aerial photos or set of maps and photos or identified in correspondence or other documents evidencing consideration of the route by the applicant.	<p>Figure 2.5-18 West Range Alternate Natural Gas Pipeline Route: NNG No. 2, Segment 1</p> <p>Figure 2.5-19 West Range Alternate Natural Gas Pipeline Route: NNG No. 2, Segment 2</p> <p>Figure 2.5-20 West Range Alternate Natural Gas Pipeline Route: NNG No. 2, Segment 3</p> <p>Figure 2.5-21 West Range Alternate Natural Gas Pipeline Route: NNG No. 2, Segment 4</p> <p>Figure 2.5-22 West Range Alternate Natural Gas Pipeline Route: NNG No. 3, Segment 1</p> <p>Figure 2.5-23 West Range Alternate Natural Gas Pipeline Route: NNG No. 3, Segment 2</p> <p>Figure 2.5-24 West Range Alternate Natural Gas Pipeline Route: NNG No. 3, Segment 3</p>
Subp. 3.	Description of environment. The applicant must provide a description of the existing environment along the preferred route.	Section 7 West Range (Preferred) Site Environmental Impacts
4415.0145	ENVIRONMENTAL IMPACT OF PREFERRED ROUTE. The applicant must also submit to the PUC along with the application an analysis of the potential human and environmental impacts that may be expected from pipeline right-of-way preparation and construction practices and operation and maintenance procedures. These impacts include but are not limited to the impacts for which criteria are specified in part 4415.0040 or 4415.0100.	Section 7 West Range (Preferred) Site Environmental Impacts
4415.0150	RIGHT-OF-WAY PROTECTION AND RESTORATION MEASURES.	

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APPLICATION REQUIREMENTS		APPLICATION SECTION
Subp.1.	Protection. The applicant must describe what measures will be taken to protect the right-of-way or mitigate the adverse impacts of right-of-way preparation, pipeline construction, and operation and maintenance on the human and natural environment.	5.6 Natural Gas Pipeline Construction
Subp. 2.	Restoration. The applicant must describe what measures will be taken to restore the right-of-way and other areas adversely affected by construction of the pipeline.	5.6 Natural Gas Pipeline Construction
4415.0160	OPERATION AND MAINTENANCE. Pipeline operations and maintenance are assumed to be in compliance with all applicable state and federal rules or regulations, unless determined otherwise by the state or federal agency having jurisdiction over the enforcement of such rules or regulations. For public information purposes, the applicant must provide a general description of the anticipated operation and maintenance practices planned for the proposed pipeline.	5.7 Natural Gas Pipeline Operation and Maintenance
4415.0165	LIST OF GOVERNMENT AGENCIES AND PERMITS. Each application must contain a list of all the known federal, state, and local agencies or authorities and titles of the permits they issue that are required for the proposed pipeline and associated facilities.	1.10.2 Other Permits
4415.0040, Subp.3	CRITERIA FOR PARTIAL EXEMPTION FROM PIPELINE ROUTE SELECTION PROCEDURES.	
A.	Human settlement, existence and density of populated areas, existing and planned future land use, and management plan.	7.1 Land Use 7.2 Nearby Residences and Other Receptors 7.11.1 Public Services 7.11.3 Population Trends and Demographics

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APPLICATION REQUIREMENTS		APPLICATION SECTION
B.	The natural environment, public and designated lands, including but not limited to natural areas, wildlife habitat, water, and recreational land.	7.5 Geology and Soils 7.6 Water Resources and Water Quality 7.7 Wetlands 7.8 Ecological Resources: Plants, Animals and Endangered Species
C.	Lands of historical, archaeological, and cultural significance.	7.8.3 Rare and Unique Natural Resources
D.	Economies within the route, including agricultural, commercial or industrial, forestry, recreational, and mining operations.	6.1 Regional Social and Economic Impacts
E.	Pipeline cost and accessibility.	5.8 Natural Gas Pipeline Cost Estimate
F.	Use of existing rights-of-way and right-of-way sharing or paralleling.	5.5 Land Requirements
G.	Natural resources and features.	7.5 Geology and Soils 7.6 Water Resources and Water Quality 7.7 Wetlands 7.8 Ecological Resources: Plants, Animals and Endangered Species
H.	The extent to which human or environmental effects are subject to mitigation by regulatory control and by application of the permit conditions contained in part 4415.0185 for pipeline right-of-way preparation, construction, cleanup, and restoration practices.	5.6 Natural Gas Pipeline Construction Section 7 West Range (Preferred) Site Environmental Impacts
I.	Cumulative potential effect of related or anticipated future pipeline construction.	Not applicable
J.	Relevant policies, rules, and regulations of the state and federal agencies and local government land use laws including ordinances adopted under Minnesota Statutes, section 299J.05, relating to the location, design, construction, or operation of the proposed pipeline and associated facilities.	1.10 Other Project Approvals and Permits Section 7 West Range (Preferred) Site Environmental Impacts

1.1 JOINT PROCEEDING REQUEST

The Applicant submits with this application detailed information in compliance with the Power Plant Siting Act, Applicable Rules, and Pipeline Rules, and requests issuance of LEPGP Site Permit for Mesaba One and Mesaba Two, a HVTL Route Permit and a Pipeline Route Permit (the latter being applicable only to the West Range Site). The PPSA Permit Application and the Pipeline Routing Permit Application are hereafter collectively referred to as the “Joint Application” or the “Application,” and the Company requests that the Application be processed in a joint proceeding in accordance with Minn. R. 4400.0675. The Company also submits with this Joint Application the filing fees prescribed in the Applicable Rules and in Minn. R. ch. 4415.

For the preferred LEPGP Site (the West Range Site), the Applicant is requesting a partial exemption for the pipeline routing permit in accordance with Minn. Stat. § 116I.015, subd. 2, as implemented through Minn. R. 4415.0035 to 4415.0040.

1.2 ENVIRONMENTAL SUPPLEMENT

Environmental information to support this Joint Application is submitted in the form of an Environmental Supplement (“ES”). The ES prepared in conjunction with the Joint Application contains more extensive detail regarding the proposed technology, its associated infrastructure, and the environmental impacts associated with Mesaba One and Mesaba Two. The Application incorporates the ES by reference and summarizes the information necessary to evaluate the proposed LEPGP Sites and associated HVTL/Pipeline routes and their potential human and environmental impacts, and compares these impacts with other reasonable alternatives. In addition, detailed information and assumptions regarding air emission control requirements, emissions, and modeling results are contained in the separate application for a Part 70/New Source Review Construction Authorization Permit submitted to the Minnesota Pollution Control Agency (“MPCA”) and attached to the Application as Appendix 5. Detailed descriptions of wastewater treatment, discharge volumes, and potential impacts on receiving waterbodies are contained in the separate application for a National Pollutant Discharge Elimination System (“NPDES”) permit submitted to the MPCA and attached to the Application as Appendix 6. These and other detailed permit application documents are available from the applicable regulatory agencies upon request and will be made available on the Excelsior Energy Inc. web site: www.excelsiorenergy.com.

1.3 TERMINOLOGY

Consistent with the terms used in the ES, in this Application the terms “Project” or “Mesaba One” will be used synonymously with the phrases “Phase I IGCC Power Station” and “Phase I Development.” The term “Mesaba Two” will be used synonymously with the phrases “Phase II IGCC Power Station” and “Phase II Development.” The combined Phase I and Phase II Developments will be used synonymously with the term “Mesaba One and Mesaba Two” and the phrase “Phase I and II IGCC Power Station.” The phrase “IGCC Power Station” or “Station” will be used where the context with respect to Mesaba One, Mesaba Two, or both is obvious or where the context regarding the site being discussed is obvious. The term “IGCC Power Station Footprint” or “Station Footprint” means the fenced area within which the IGCC Power Station is located. “Buffer Land” means the land area contiguous with or adjacent to the IGCC Power

Station Footprint, extending to the boundary of the property controlled by the Applicant and upon which limited Station-related activity occurs. The term “Associated Facilities” means the buildings, equipment, and other physical structures that are necessary to operate of the Station and includes, without limitation, the equipment identified in Sections 3.1.5, 3.1.6, and 3.1.7; fuel tanks; roads; water supply and wastewater discharge pipelines, pumps, pump houses, metering equipment, valves, and force mains; water intake structures (floating or permanent); wastewater discharge structures; flood control systems; and security systems. “Water Resources” means potable water supplies and source/receiving waterbodies required to support construction and operation of the IGCC Power Station. Finally, the term “Site” means the land area which includes the IGCC Power Station Footprint, Buffer Land, any other land needed or acquired for the Associated Facilities, and the “Additional Land” (land needed to interconnect Mesaba One and Mesaba Two with existing transportation [railroad and highway] infrastructure and to provide for use of Water Resources and other essential utilities).

1.4 STATEMENT OF OWNERSHIP

1.4.1 LEPGP, HVTL and Natural Gas Pipeline

Excelsior is an energy development company with offices located at 11100 Wayzata Boulevard, Suite 305, Minnetonka, Minnesota 55305. Excelsior’s contact with respect to all elements of the Application is as follows:

Mr. Robert S. Evans II
Vice President, Environmental Affairs
Telephone : (952) 847-2355
Facsimile : (952) 847-2373
Mobile Phone: (612) 859-1383
Email Address: BobEvans@excelsiorenergy.com

Excelsior has created two wholly-owned project companies, MEP-I LLC and MEP-II LLC that will construct, own, and operate Mesaba One and Mesaba Two, respectively. It is currently contemplated that MEP-I LLC and MEP-II LLC will also co-own and operate the HVTLs and the natural gas pipeline that are the subject of this Application, although the latter may be constructed and owned by a municipal entity. For purposes of the Joint Application, MEP-I LLC and MEP-II LLC will be co-applicants and co-permittees for the Site Permit, HVTL Route Permit, and Natural Gas Pipeline Route Permit associated with Mesaba One and Mesaba Two. The address of MEP-I LLC and MEP-II LLC is: c/o Excelsior Energy Inc., 11100 Wayzata Boulevard, Suite 305, Minnetonka, Minnesota 55305, attn: Mr. Robert S. Evans II.

In fulfillment of Minn. R. 4415.0115, subp. 4.C., the signatures and titles of persons authorized to sign the application appear below. Excelsior has provided in the preceding paragraph a statement of ownership of the natural gas pipeline pursuant to Minn. R. 4415.0115, subp. 3.

Authorized Signatures:

MEP-I LLC

By: _____
Robert S. Evans II

Date: _____

Its: Vice President, Environmental Affairs

MEP-II LLC

By: _____
Robert S. Evans II

Date: _____

Its: Vice President, Environmental Affairs

1.4.2 Current Land Ownership**1.4.2.1 LEPGP Site****1.4.2.1.1 West Range**

The IGCC Power Station Footprint and Buffer Land is located upon approximately 1,260 acres of land currently owned in fee simple or through undivided interests by RGGGS Land & Minerals Ltd. L.P. (“hereafter “RGGGS”). Within the 1,260 acres approximately 260 acres is held in undivided ownership interest. Excelsior holds an option to purchase RGGGS’s interest in these 1,260 acres of land. Additional Lands upon which the Associated Facilities are located or across which they traverse are owned by various public and private entities. Public entity owners include Itasca County and the State of Minnesota. Private entities include individual citizens, trusts, and industrial companies.

1.4.2.1.2 East Range

The IGCC Power Station Footprint and Buffer Land is located on approximately 810 acres of land currently owned by Cliffs Erie, LLC (hereafter “CE”). Lands upon which the Associated Facilities are located or across which they traverse are owned by public and private entities. Public entity owners include St. Louis County and the State of Minnesota. Private entities include, but are not limited to individual citizens, RGGGS, and CE.

1.4.2.2 HVTL Routes**1.4.2.2.1 West Range**

The Applicant has identified property owners within one-quarter mile of the centerline alignment of each HVTL route proposed to interconnect the West Range IGCC Power Station with the Blackberry Substation. The owners of land within or adjacent to and contiguous with each route include various public and private entities. Public entity owners include Itasca County and the State of Minnesota. Private entities include individual citizens, trusts, and industrial companies.

1.4.2.2.2 East Range

The Applicant has identified property owners within one-quarter mile of the centerline of each HVTL route proposed to interconnect the East Range IGCC Power Station with the Forbes Substation. The owners of land within or adjacent to and contiguous with each route include various public and private entities. Public entity owners include St. Louis County and the State of Minnesota. Private entities include individual citizens, trusts, and industrial companies.

1.5 MESABA ONE AND MESABA TWO**1.5.1 Location of IGCC Power Station**

Both the preferred and alternate sites for the IGCC Power Station are located in the Taconite Tax Relief Area (“TTRA”) of Northeastern Minnesota in conformance with Minn. Stat. § 216B.1694. Figure 1.5-1 shows the boundary of the TTRA and the two locations where the Applicant proposes to construct the Station. In deference to their geographical relationship and location on the Iron Range, the Applicant has designated the western-most location as its West Range Site and the eastern-most location as its East Range Site. As noted above, the Applicant has chosen the West Range Site as its preferred location on which to construct Mesaba One and Mesaba Two. A comprehensive comparison between the West Range and East Range Sites that lead to this conclusion is provided in Section 2.7. Site vicinity maps for the West Range and East Range Sites are provided in Figures 1.3-2 and 1.3-3. Both Sites are currently undeveloped and unoccupied, and are located in the immediate vicinity of former iron ore mining operations.

1.5.2 Power Exported to Grid from Mesaba One and Two

At the West Range Site, Mesaba One and Two are expected to deliver a total of 1,206 MW to the POI. Power delivered by Mesaba One and Two to the POI at the East Range Site is expected to be about 1,197 MW. The difference between the amount of power delivered to the West Range and East Range POIs is due to the East Range Station’s added auxiliary power demands (see Section 3.6.1.2.1) and higher power losses associated with transmitting the station’s electric output over longer distances required to reach its POI (see Section 4.1.5).

Figure 1.5-1 Minnesota Taconite Tax Relief Area

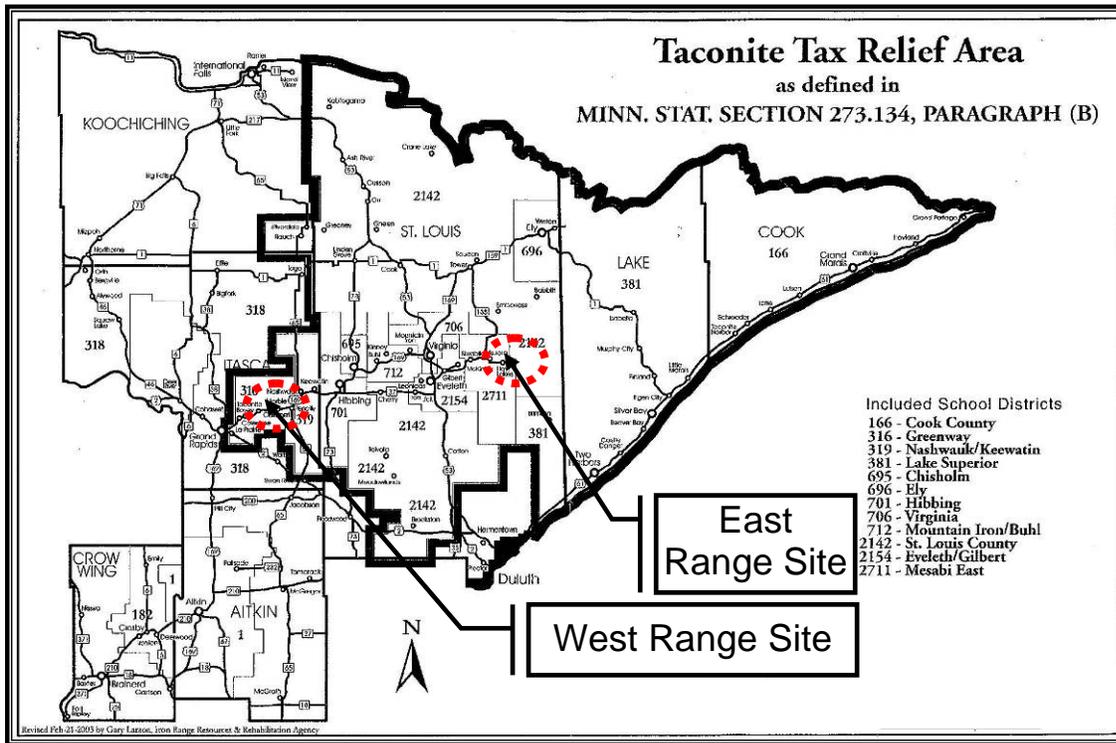


Figure 1.5-2 Site Vicinity Map for West Range Site

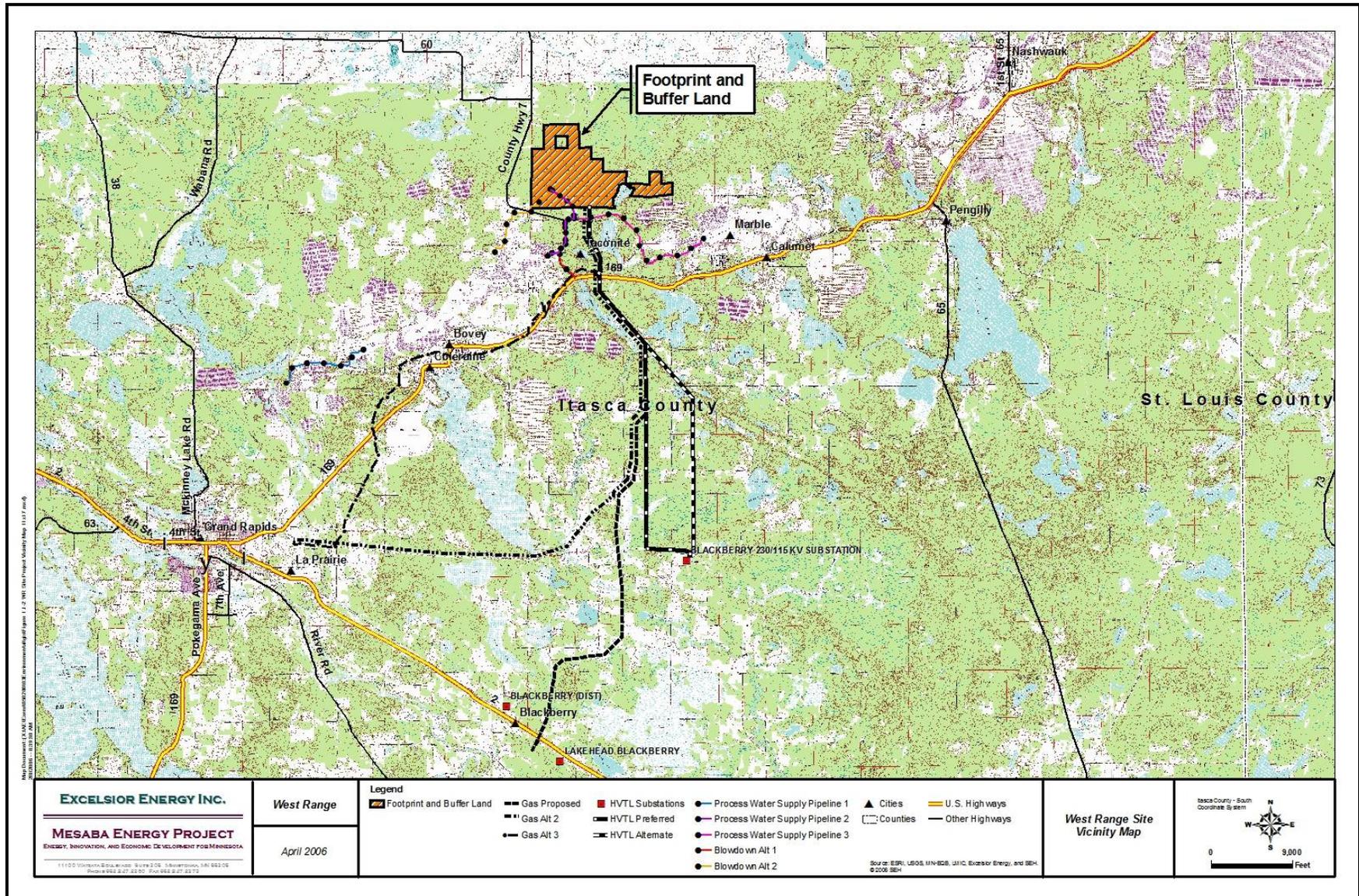
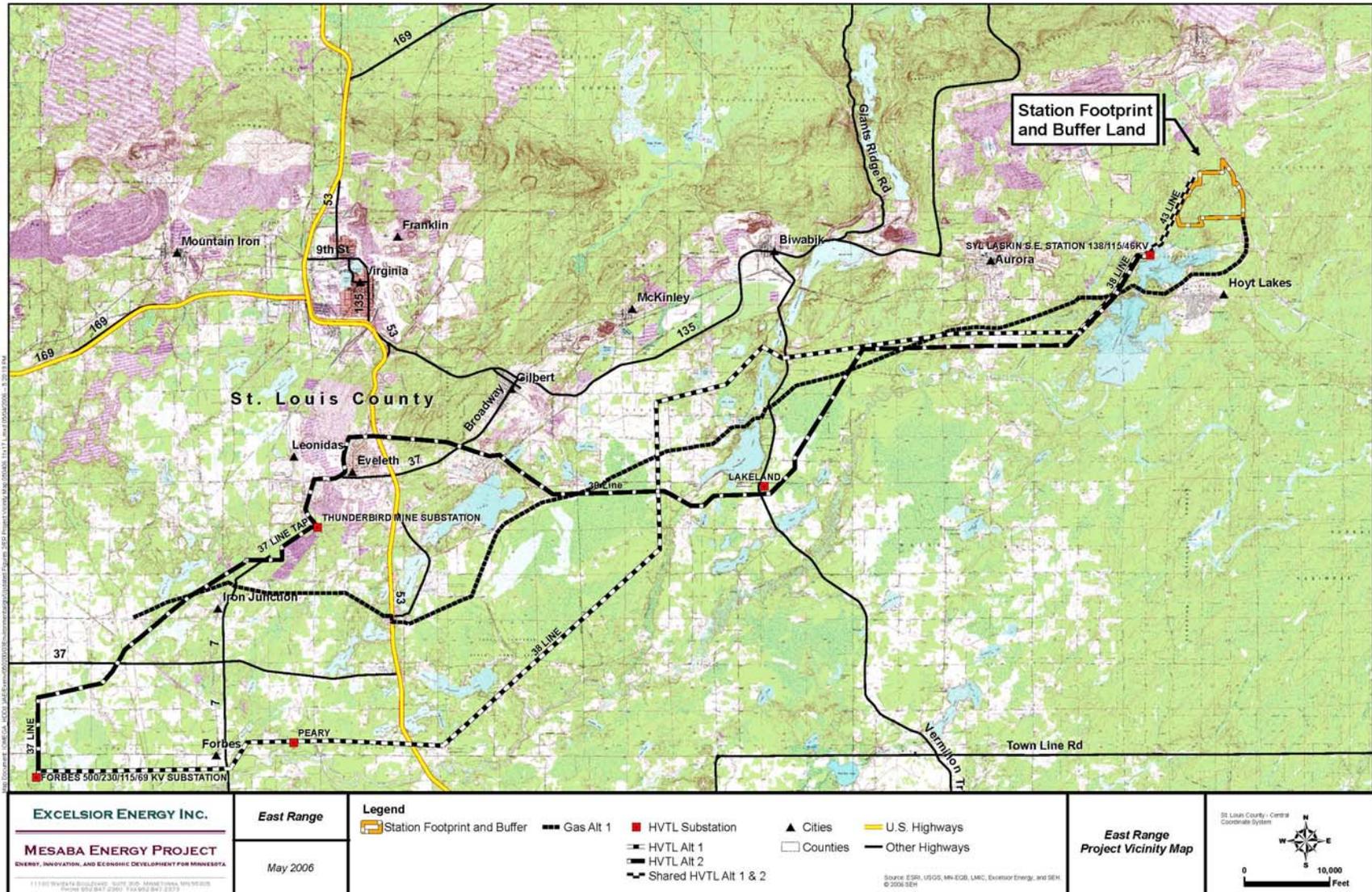


Figure 1.5-3 Site Vicinity Map for East Range Site



1.5.3 Mesaba One and Two Fuel Use and Process Overview

Mesaba One and Mesaba Two will be designed to be “fuel-flexible” in that they will be capable of interchangeably using the following feedstocks:

- 100% Coal (including, but not limited to, Powder River Basin sub-bituminous and Illinois No. 6 bituminous coals)
- Up to 50:50 coal: petroleum coke blend
- Petroleum coke
- Other blends of these feedstocks

1.5.3.1 Gasification and Generation Technology

The gasification process that the Company will use to supply fuel to its combined cycle power station is ConocoPhillips’ E-Gas™ technology. In the E-Gas™ 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 sub-stoichiometric amounts of purified oxygen (less than the theoretical quantity of oxygen required for complete combustion). In the gasifier controlled reactions take place, thermally converting feedstock materials into a gaseous fuel known as synthesis gas, or syngas. The syngas is cooled, cleaned of contaminants, and then combusted in a combustion turbine, which is directly connected to an electric generator. The assembly of the combustion turbine and generator is known as a combustion turbine generator (“CTG”). The expansion of hot combustion gases inside the combustion turbine 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 source of electricity. When a CTG and a steam turbine generator (“STG”) are operated in tandem at one location to produce electricity in a highly efficient manner, the combination of equipment is referred to as a combined cycle electric power plant. Combining the gasification process with the combined cycle power plant is known as IGCC, an inherently lower polluting technology to produce electricity from solid feedstocks.

1.6 CLEAN COAL POWER INITIATIVE

Mesaba One has been granted a \$36 million Clean Coal Power Initiative (“CCPI”) award in the form of an interest-free cost sharing loan from the U.S. Department of Energy (“DOE”). The DOE selected Mesaba One under the DOE’s CCPI Round II competitive solicitation process. The CCPI is an innovative technology demonstration program designed to foster more efficient clean coal technologies¹ for use in new and existing U.S. electric power generating facilities.

¹ “Clean coal technology” describes a new generation of coal-based electricity producing processes that sharply reduce air emissions and other pollutants compared to conventional coal-burning systems.

1.7 ENVIRONMENTAL IMPACT STATEMENT REQUIREMENTS AND LICENSING SCHEDULE

DOE's National Energy Technology Laboratory ("NETL") is required by the National Environmental Policy Act ("NEPA") of 1969, as amended (42 U.S.C. 4321, *et seq.*), the Council on Environmental Quality NEPA regulations (40 Code of Federal Regulations [C.F.R.] Parts 1500-1508), and the DOE NEPA regulations (10 C.F.R. Part 1021) to prepare an environmental impact statement ("EIS") as part of its participation in the Mesaba Energy Project. Figure 1.7-1 illustrates the process to be undertaken by DOE in fulfillment of its NEPA responsibilities.

Because Mesaba One and Mesaba Two are considered LEPGPs, they are subject to the PPSA, which requires the preparation of a state-equivalent EIS. Figure 1.7-2 illustrates the process to be undertaken by the State in producing its EIS.

The EIS requirements under NEPA and the PPSA are substantially similar, and DOE will prepare, in cooperation with the Minnesota Department of Commerce and the Minnesota Public Utilities Commission, a joint EIS that will fulfill the requirements of both state and federal law. The Applicant is submitting the ES in support of the PPSA EIS and will submit an Environmental Information Volume ("EIV") in support of DOE's requirements.

A schedule showing the coordination between DOE and the MPUC's schedule is provided in Figure 1.7-3.

1.8 CONSTRUCTION SCHEDULE

The development of Mesaba One is organized into three periods: Period I (Project Definition and Preliminary Design Phase); Period II (Final Design and Construction); and Period III (Demonstration/Operation). The Applicant, in conjunction with the EPC Consortium, will carry out the implementation plan outlined in the Mesaba One Project Schedule, shown at Figure 1.8-1.

Construction of Mesaba One is scheduled to commence in the 1st quarter of 2008 with a commercial in-service date scheduled for the 4th quarter of 2011. The commercial in-service date for Mesaba Two is scheduled for 2013.

Figure 1.7-1 Federal EIS Process

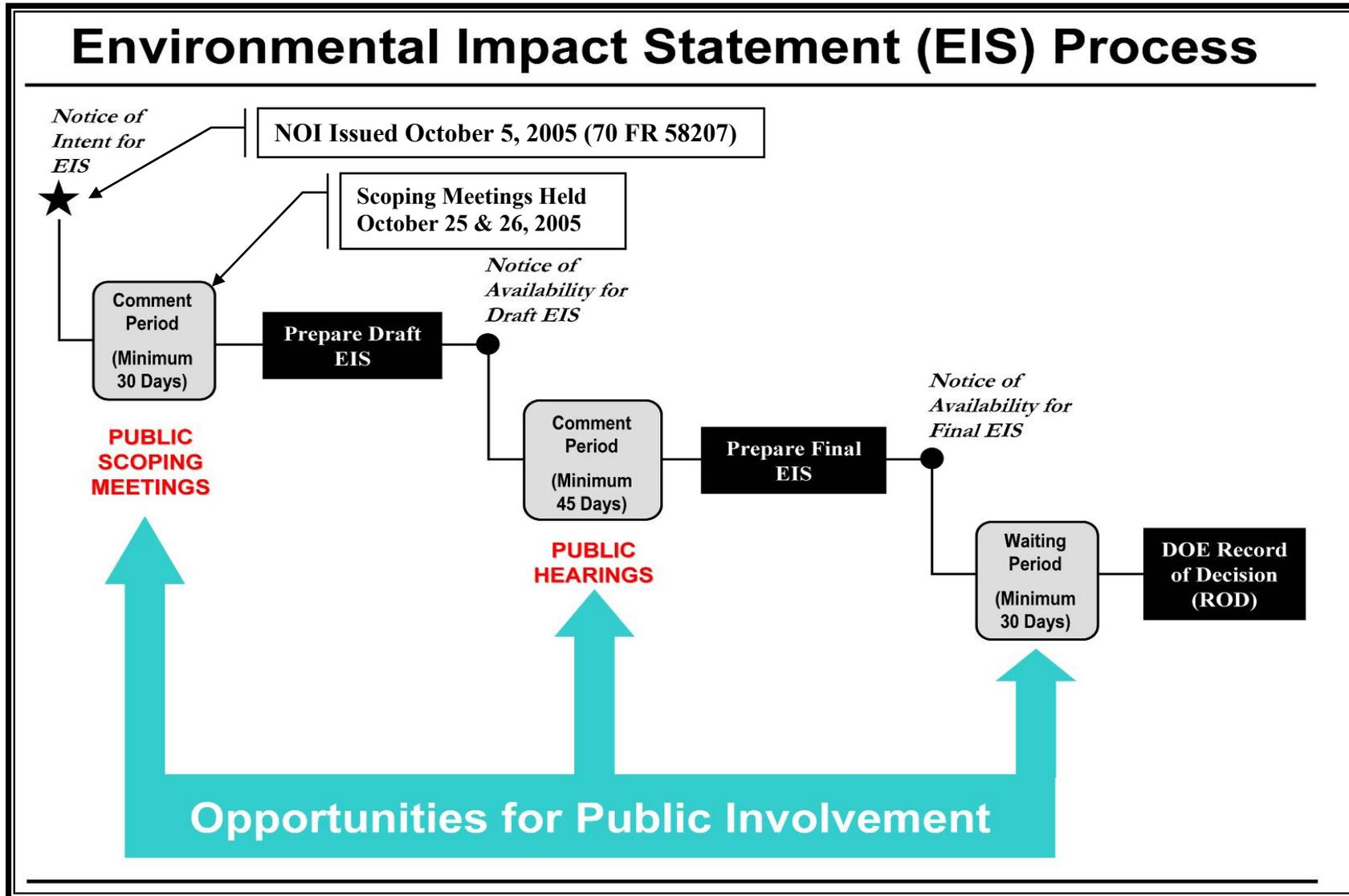


Figure 1.7-2 Minnesota Power Plant Siting Process

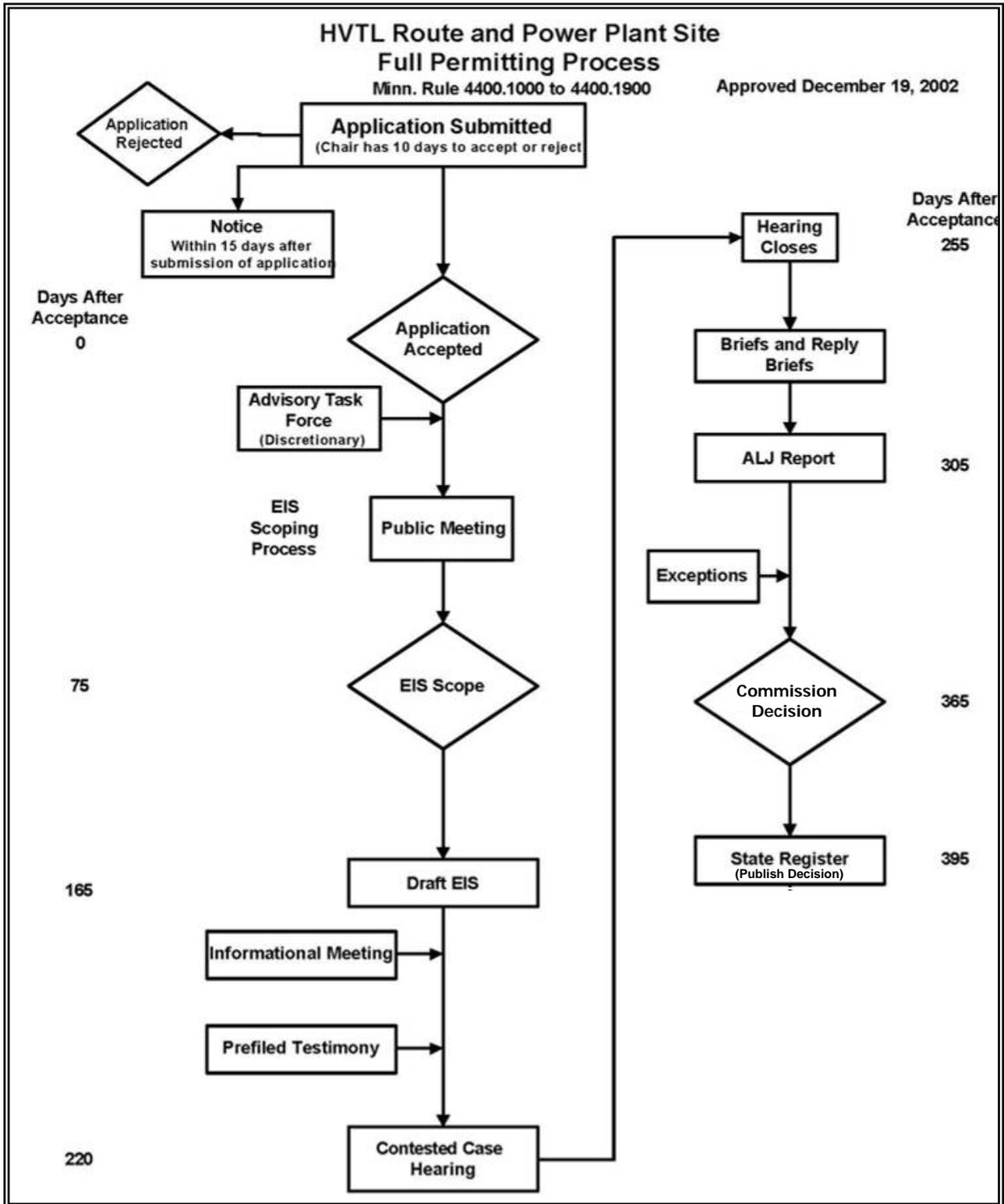


Figure 1.7-3 Coordinated DOE/MPUC Environmental Review Process

NEPA MILESTONE SCHEDULE		STATE EIS PROCESS	
• NOI to DOE/HQ	02 SEP 05	• Site/Route Permit Submitted	14 JUN 06
• NOI Published in Federal Register	05 OCT 05	• Permit Application Accepted	06 JUL 06
• DOE Public Scoping Meeting	25-26 OCT 05	• EIS Scope	07 AUG 06
• Scoping Ends	14 NOV 05	• State Scoping Meetings	21-22 AUG 06
		• State Scoping Period Ends	28 AUG 06
• NOA Published in FR	06 DEC 06	• Draft EIS	06 DEC 06
		• Public Hearings on Draft EIS	27-28 DEC 06
• EIS NOA in FR	05 APR 07	• Contested Case Hearing	19 MAR 07
• ROD Public Announcement	28 MAY 07	• Hearing Closes	09 APR 07
		• ALJ Report	09 MAY 07
		• PUC Final Decision	05 JUL 07
		• State Register	06 AUG 07

Figure 1.8-1 Project Schedule (Page 1 of 3)

EXCELSIOR ENERGY INC.
Mesaba Energy Project

PRELIMINARY EPC PROJECT MILESTONE SCHEDULE

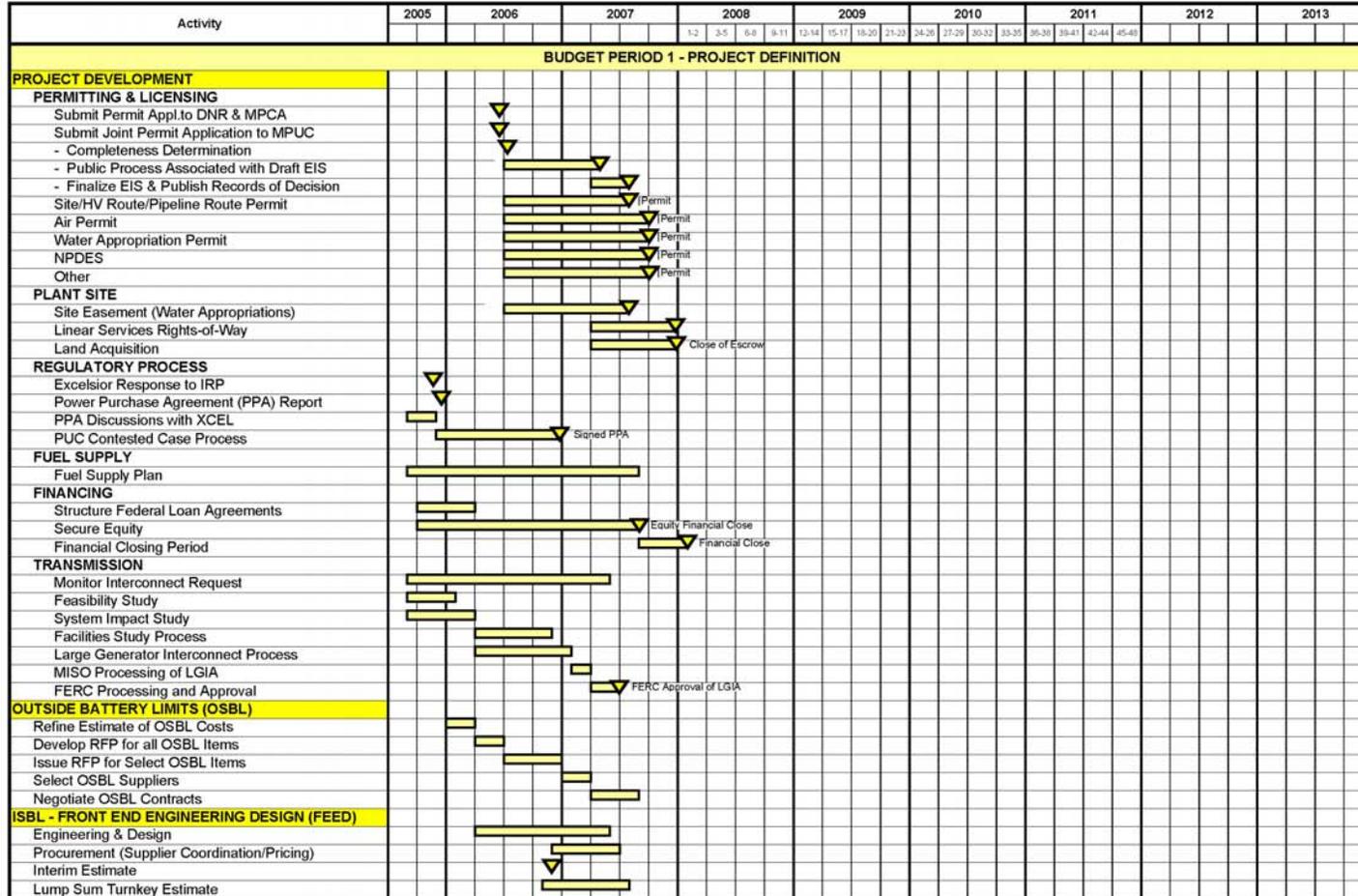


Figure 1.8-1 Project Schedule (Page 2 of 3)

EXCELSIOR ENERGY INC.
Mesaba Energy Project

PRELIMINARY EPC PROJECT MILESTONE SCHEDULE

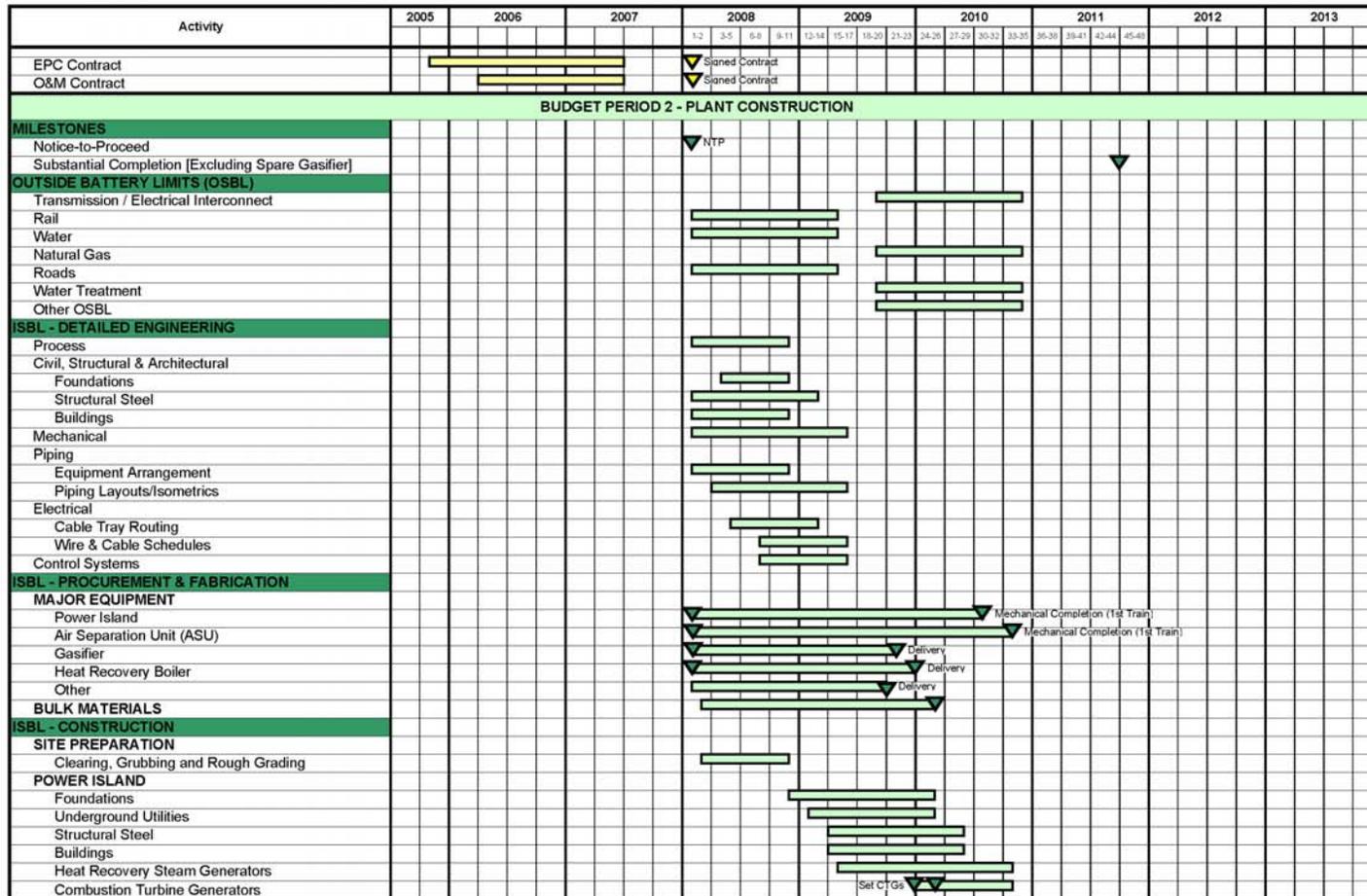
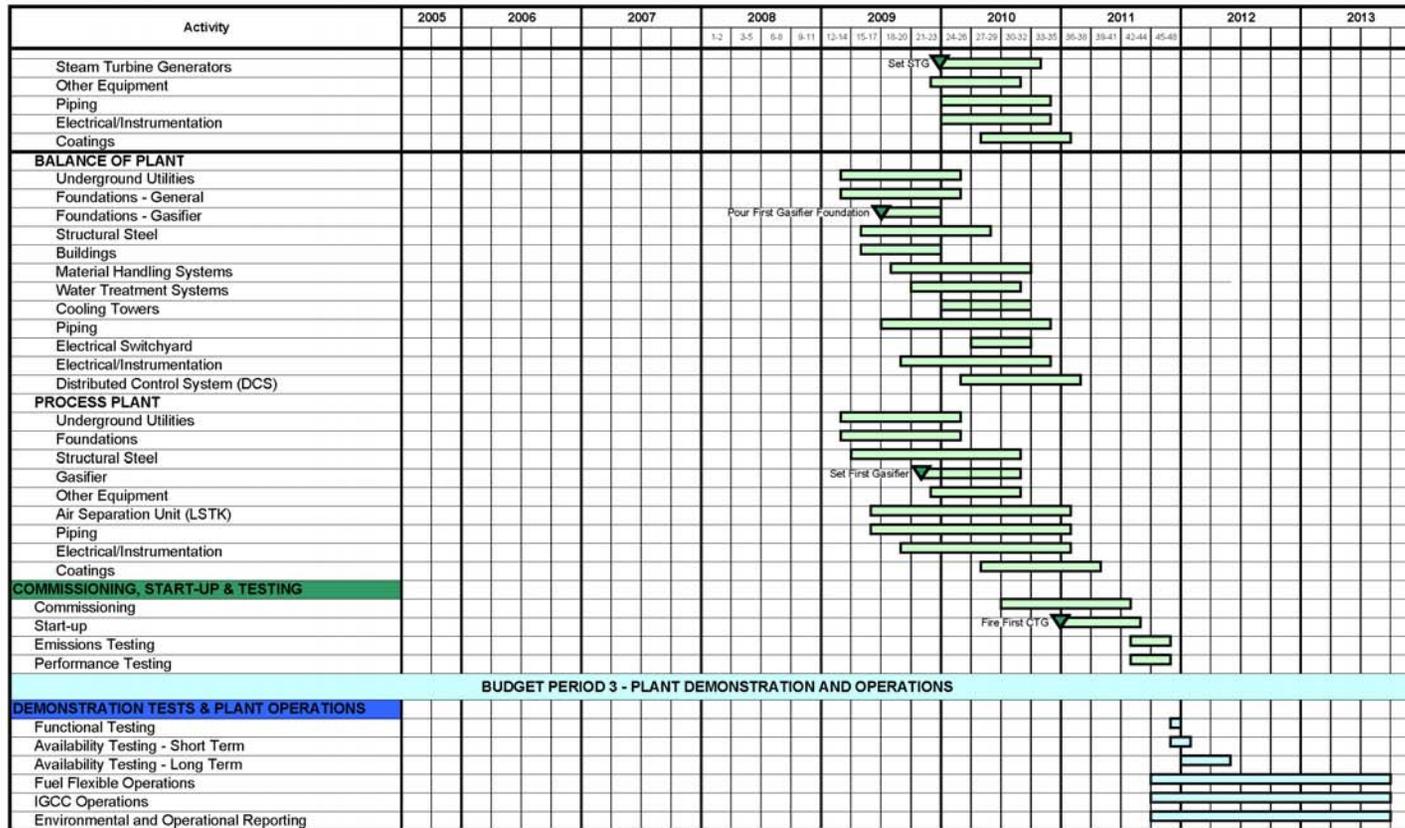


Figure 1.8-1 Project Schedule (Page 3 of 3)

EXCELSIOR ENERGY INC.
Mesaba Energy Project

PRELIMINARY EPC PROJECT MILESTONE SCHEDULE



1.8.1 Significant Milestones Achieved To Date

1.8.1.1 Permitting and Licensing

As shown in Figure 1.7-1, significant progress has been made with respect to the permitting and licensing of Mesaba One and Two, with the federal EIS process having commenced in October 2005. At or about the filing of this Joint Application, the Applicant will also have filed for its preferred site its air, water, and water appropriation permit applications with the appropriate state agencies.

1.8.1.2 Formation of Project EPC Consortium (Fluor, ConocoPhillips and Siemens)

The Applicant anticipates that front end engineering and design (“FEED”) services; engineering, procurement, and construction (“EPC”); and operations and maintenance (“O&M”) services for Mesaba One will be managed and performed by a consortium of Fluor Enterprises, Inc. (“Fluor”) and Siemens Power Generation, Inc. (“Siemens”), with E-Gas™ technology and other design services supplied by ConocoPhillips Company (“ConocoPhillips”). Siemens would supply the power block for the project and together with Fluor will provide certain performance and schedule guarantees required for the project. Fluor will be the lead consortium manager for the detailed design, engineering, procurement and construction of the project under a firm price turnkey contract. Fluor, Siemens and ConocoPhillips have agreed in principle to support the project, and the Company expects to develop and enter into the appropriate binding contracts during 2006 and 2007.

The formation of the EPC Consortium is important in allowing the Applicant to design and engineer the facility in a cost-effective manner.

Fluor Corporation is one of the world’s largest publicly owned engineering, procurement, construction, and maintenance services organizations and is consistently rated as one of the world’s safest contractors. Over the past six years, Fluor has ranked No. 1 four times on FORTUNE magazine’s America’s Most Admired Companies list in the “Engineering, Construction” category. Engineering News Record magazine ranks Fluor among the top three on their Top Design Build Firms list and Top 100 Contractors by New Contracts list. In recent years, Fluor has built coal-fired and natural gas-fired power projects with a total capacity of more than 120,000 MW. Fluor has constructed more new power plants in the United States than any other EPC firm.

Siemens Power Generation is one of the world's leading specialists in providing planning, construction and upgrades of power plants; development, production and supply of components and systems; comprehensive plant services; I&C solutions and energy management systems; fuel cells; and turbines, compressors and full-scope solutions for industrial plants, in particular for the oil and gas industry. In 2005, Siemens posted overall sales of approximately \$90 billion, and employed a worldwide workforce of 461,000. Siemens Power Generation employs 33,500 worldwide.

ConocoPhillips is one of the world's largest energy companies. Its gasification group, in its Technology Solutions Division, will provide support to the Project throughout the course of its development, design, construction, start-up, and operation. The gasification team at ConocoPhillips has more than 300 years of direct experience in the gasification field. The project manager, project engineer, process experts, plant manager, start-up manager, operations and production managers and shift superintendents from the Wabash River Coal Gasification Repowering Project ("Wabash River") are all with the business unit and will provide significant assistance to the Applicant in the design, permitting, start-up, and operation of the Mesaba Energy Project.

1.8.1.3 Selection of Site and Land Option Agreement

Excelsior has entered into an option agreement to purchase approximately 1,260 acres of undeveloped property at the West Range Site. Negotiations are currently underway with Cleveland Cliffs to secure option rights on the properties comprising the East Range Site.

1.8.1.4 Submission of Large Generator Interconnection Request

In October of 2004, Excelsior submitted a Large Generator Interconnection Procedure ("LGIP") request, numbered G477, for Mesaba One to the Midwest Independent System Operator (MISO) requesting network resource interconnection service with Minnesota Power's ("MP") control area from the proposed East Range Site, with the POI proposed at MP's Forbes 500kV/230kV Substation (hereafter, the "Forbes Substation"). This was followed in May 2005 with a second LGIP request (G519) for Mesaba One at the West Range Site, with the proposed POI at Minnesota Power's Blackberry 230kV Substation (hereafter, the "Blackberry Substation"). On February 14, 2006, Excelsior filed a third LGIP request for Mesaba Two at the West Range Site (formally logged as MISO Queue No. 38762-02 and designated as G597) to confirm the required network reinforcements for the Phase II development.²

1.8.1.5 West Range Site

At the Proponent's request (formally logged as MISO Queue No. 38491-01), the LGIP has been initiated and designated as G519). The N-1 contingency analysis conducted by MISO found that Mesaba One causes the Blackberry-Riverton 230kV circuit to overload. MISO has proposed adding a new 73 mile 230kV circuit from MP's Clay Boswell Station to the Riverton Substation (near Brainerd) to alleviate this and any other injection overloads. The N – 2 contingency analysis indicated that regional electric generators may be required to back down from their rated generating capacity to protect the HVTLs and protective equipment remaining on the system. The conclusion of the short circuit analysis is that the interconnection of Mesaba One at the Blackberry POI causes four breakers at the Nashwauk 115kV bus to become overdutied. The

² Network reinforcements are defined as upgrades to the existing transmission system designed to eliminate new constraints on existing generating resources that would otherwise interfere with the existing generator's capability to place into commerce the amount of energy it provided to existing load centers prior to introducing new generating capacity at a point intermediate to such pre-existing load centers.

following proposed network upgrades resolve all local injection issues identified in MISO's analysis for interconnecting Mesaba One as an Energy Resource:³

- Upgrade existing 115kV HVTL connecting Clay Boswell Station to Riverton Substation to 230kV HVTL
- Add new 230kV bus position for Boswell-Riverton line at Boswell
- Add new 230kV bus position for Boswell-Riverton line at Riverton
- Add new 230kV substation at Hill City
- Replace 4 115kV circuit breakers at Nashwauk.

Additional deliverability studies will be performed to determine whether Mesaba One can be designated as a network resource.

1.8.1.5.1 East Range Site

MISO has recently completed the SIS conducted as part of the LGIP. The study conducted by MISO assumed that Mesaba One had a summer output of 531 MW and winter output of 552 MW (as opposed to 606 MW in the case of the IGCC Power Station on the West Range Site). In similar fashion to the study conducted for the West Range IGCC Power Station, the East Range SIS involved an assessment of system performance based on steady state analysis, contingency analysis, constrained interface analysis, short circuit analysis and stability analysis. Based on the study results, no network upgrades are required for Mesaba One to interconnect as an Energy Resource. Additional deliverability studies will be performed to determine whether Mesaba One can be designated as a network resource.

1.8.1.6 Transmission System Impact Studies

The LGIP requests for Mesaba One are in the System Impact Study phase with reports due in the first quarter of 2006. The studies will outline any adverse impacts from interconnecting Mesaba One and Two at each proposed POI, and determine what network upgrades will be required, if any, to the existing HVTL network to enable delivery of the output from Mesaba One to the Xcel Energy (NSP) control area.

³ FERC Order No. 2003-A, issued on 3/5/04, clarified that an interconnection customer may request either "energy" or "network" resource interconnection service. Energy resource service is basic, minimal service, providing access to existing transmission capacity on an as-available basis. In contrast, network resource interconnection service is far more flexible and comprehensive, allowing the generation facility to be identified by a network customer as a network resource. While both services allow the interconnection customer to place the power produced by a generating facility on to the transmission system at the point of interconnection, FERC said neither guarantees delivery service because they do not allow a customer to withdraw power at any particular delivery point. However, network interconnection service customers can ask for delivery service at the time of interconnection and tailor the service to their needs, just as they do now.

1.8.2 Significant Milestones to be Achieved**1.8.2.1 Large Generator Interconnect Agreement**

There are several critical milestones within the overall schedule for Mesaba One that are related to the transmission development plan and are important to the success of the Project in meeting its overall project development timeline. Obtaining an approved Large Generator Interconnect Agreement (“LGIA”) will form the basis for allocating the costs associated with standalone interconnection equipment and the network upgrades required by MISO.

1.8.2.2 Submittal of Pre-Construction Permit Applications and Environmental Supplement

The Applicant is required to submit environmental information to state and federal agencies to support preparation of an Environmental Impact Statement (“EIS”) and, in the case of the MPUC, to support this Joint Application. In compliance with these requirements, the ES contains the required detailed information about Mesaba One and Two and their combined environmental impacts. Issues to be evaluated in the EIS for each Site will include alternatives for transmitting electricity generated by Mesaba One and Two; use of feedstocks and feedstock blends; access to the IGCC Power Station and Associated Facilities, and means of transport (road and rail) for feedstocks, byproducts, and wastes; water withdrawals; wastewater discharges; air emissions; interconnection to existing natural gas pipelines; socio-economic impacts; wetland impacts; noise; and aesthetics. In addition to this Joint Application, other preconstruction permit applications will include the Part 70/New Source Review Construction Authorization Application (to the MPCA), the National Pollutant Discharge Elimination System (“NPDES”) Permit Application (also to MPCA), the Water Appropriation Permit Application (to the Minnesota Department of Natural Resources or “MDNR”), and a Wetlands Permit Application (to the U.S. Army Corps of Engineers).

1.8.2.3 Construction

Construction of the facility will be sequenced as shown in the project milestone schedule at Figure 1.8-1. Key schedule elements include issuance of pre-construction permits, construction and start-up of the facility, acceptance testing, environmental systems testing, and demonstrations for the Department of Energy pursuant to the CCPI award.

1.9 FUTURE EXPANSION**1.9.1 LEPGP Sites**

Minnesota Rules 4400.1150, subpart 1.I and 4400.1150, subpart 2.L require applicants requesting an LEPGP Site Permit to provide an engineering analysis to show how each Site could accommodate expansion of future generating capacity. The Applicant is requesting a Site Permit, HVTL Route Permits, and a Pipeline Route Permit (the Applicant’s request for a Pipeline Route Permit is only for the West Range Site, see Section 1.1) for Mesaba One and Mesaba Two at either of the two LEPGP Sites proposed herein, thus demonstrating the capability of each site to host at least two IGCC units. The detailed information and engineering analysis presented in

this Application supports the conclusion that both the preferred and alternate sites can support the development of two 606 MW (net) generating units. There are currently no plans to expand the electrical generating capacity of either of the proposed Sites beyond the 1,212 MW (net) of generating capacity referenced in this Joint Application.

1.9.2 HVTL Routes

1.9.2.1 HVTL Routes Impact Fewest Resources

This Joint Application demonstrates that to the extent practicable, the proposed HVTL routes impact the fewest resources by proposing direct HVTL routes that traverse remote areas with relatively few landowners and by using existing HTVL rights-of-way (“ROW”) along the direct route to the extent practicable.

1.9.2.2 Plans for Expansion of the HVTL System Are Established and Meet Reliability Criteria

1.9.2.2.1 West Range Site

The preferred and alternate HVTL routes and the structures that will be used for the generator outlet facilities have been designed to support the full output of Mesaba One and Mesaba Two. The structures utilized are 345kV double circuit single steel structures and are not designed for further expansion.

1.9.2.2.2 East Range Site

In the case of the East Range Site, two 345kV HVTLs will be initially placed in separate routes to satisfy the n-1 (single failure criterium) for Mesaba One. The two 345kV HVTLs will support the full output of Mesaba One and Mesaba Two.

1.9.3 Natural Gas Pipeline

Minnesota Rules 4415.0130 requires the applicant to describe how the natural gas pipeline may be expanded if future expansion is required. In general, the gas pipeline route and ROW that is the subject of this Application is intended to serve only Mesaba One and Mesaba Two. However, the pipeline installed will be oversized to allow sufficient capability for use by others should such actions be mutually agreeable to the parties and not violate permit conditions. As noted, it is possible that a local gas utility or municipal entity may own and construct this natural gas pipeline, which would jointly serve the IGCC Power Station and the proposed Minnesota Steel facility located nearby.

The trench excavated for the pipeline will be sufficiently sized to allow for placement of one pipe to supply Mesaba One and Mesaba Two with natural gas. Considerations regarding the pipeline trench and construction methods are provided in greater detail in Section 5.

1.10 OTHER PROJECT APPROVALS AND PERMITS

1.10.1 Innovative Energy Projects and Their Exemption from Certificate of Need Procedures

Minnesota Law provides special regulatory incentives to “innovative energy projects” and “clean energy technologies” under Minn. Stat. § 216B.1694 and Minn. Stat. § 216B.1693, respectively (the “Enabling Legislation”). The Project is an innovative energy project that has received an appropriate designation by the Commissioner of Iron Range Resources, as required by statute (see Minn. Stat. § 216B.1694, subd. 1(3)). As an innovative energy project, the Project is exempt from the requirements for a Certificate of Need (see Minn. Stat. § 216B.1694, subd. 2(a)(1)) that would otherwise require analysis and consideration.

1.10.2 Other Permits

1.10.2.1 Air Emission Facility Permit

The Applicant will request a Part 70/New Source Review Construction Authorization Permit (Minn. Stat. § 116.07 (2004); Minn. R. 7007.0050-1000) for an air emission facility which covers the IGCC Power Station sources illustrated in Figures 3.1-1 and 3.1-2 and air pollutant emissions identified in Section 3.4.1 of this Application. The Applicant expects to file the Air Permit Application for its West Range Site to the Minnesota Pollution Control Agency in June 2006.

1.10.2.2 Water Appropriation Permits

1.10.2.2.1 West Range Site

The Applicant will request a Water Appropriation Permit in accordance with Minn. Stat. §§ 103G.265-.315 (2004) and Minn. R. 6615.0010-0280 in April 2006 for purposes of withdrawing surface water to meet the IGCC Power Station needs at its West Range Site as discussed in Section 3.3.4 of this Application. The Applicant has obtained approval of the Minnesota Legislature to appropriate water in excess of the threshold set forth in Minn. Stat. § 103G.265, subd. 3. On May 22, 2006, Governor Pawlenty signed into law Senate File No. 2973, Article 5, Section 3, authorizing the use of water in excess of the 2 million gallons per day average (in a 30-day period) as specified in the aforementioned statute.

1.10.2.2.2 East Range Site

Because the East Range Site is within the Great Lakes basin, operation of Mesaba One and Mesaba Two at the East Range Site would also require that the MDNR comply with the provisions of Minn. Stat. § 103G.265, subd. 4.

1.10.2.3 National Pollutant Discharge Elimination System/State Disposal System (NPDES) Permit

The Applicant will request a National Pollutant Discharge Elimination System/State Disposal System (NPDES) Discharge Permit in accordance with Minn. Stat. § 115.03, subd. 5 (2004) and

Minn. R. 7001.1030-1100 and 7050 in June 2006 for the process wastewater discharges from its West Range Site (such discharges are identified and described in Section 3.4.2). In addition to discharges of cooling tower blowdown and other miscellaneous wastewater streams, the Applicant will also apply for a permit with the local publicly owned treatment works for disposal of domestic wastewaters (see Section 1.10.2.6 below).

1.10.2.4 MDNR License to Cross Public Lands and Waters

Utility crossings over, under, or through waterbodies listed as protected waters or wetlands on the MDNR Protected Waters Inventory (“PWI”) will require Licenses for Utility Crossings of Public Lands and Waters under Minn. Stat. § 84.415 and Minn. R. ch. 6135. The MDNR Division of Land and Minerals is the administrative agency responsible for issuing 25 and 50-year licenses, which may be renewed at the end of the licensing period.

The HVTLs and natural gas pipelines proposed for the West Range Site will cross the Swan River and other waterbodies identified on the MDNR PWI. Such crossings will require a Utility Crossing License. On the East Range, HVTLs, domestic wastewater pipelines, and/or potable water lines which cross Colby Lake and other waterbodies identified on the MDNR PWI will require such a license. A complete listing of water crossings for the West Range Site is included in Section 7.6.6. The East Range Site listing of water crossings is provided in Section 8.6.5.

1.10.2.5 Wetlands Permit

A Wetlands Permit Application to the U.S. Army Corps of Engineers, Itasca County (for the preferred Site) and the Minnesota DNR is required under the Minnesota Wetlands Conservation Act (Minn. R. ch. 8420), Minn. R. 6115.0240, and 33 C.F.R. 325. These regulations cover, respectively, application requirements for i) wetlands replacement plan approval, ii) Public Waters Work Permits, and iii) Department of the Army Permits. Application requirements for Wetlands Permits are defined at 33 C.F.R. 325.1(d)(9) and Minn. R. 6115.0240, subp. 3. The following subsections identify instances where such work would be undertaken.

1.10.2.5.1 MDNR Work in Public Waters Permit (Minn. R. 6115.0160)

Projects constructed below the ordinary high water level (“OHWL”) of lakes, wetlands, rivers and streams which alter the course, current, or cross-section of the water body, may require a MDNR Public Waters Work Permit. Instances where such permits may be required on the West Range Site are provided in Section 7.6.4.2.2. On the East Range Site such instances are identified in Section 8.6.4.1.2.

1.10.2.5.2 Wetland Conservation Act Wetland Replacement Plan Application

Wetlands replacement plans will be required for applicable West Range Site projects listed in Section 7.7. Plans required for East Range Site are listed in Section 8.7.

1.10.2.5.3 USACOE Section 10 Work in Navigable Waters and Section 404 Wetland Permit

Authorization to fill wetlands above the regulatory threshold of 400 square feet will be required for both the West Range and East Range Sites. A listing of the impacted wetlands for the West Range and East Range Sites is provided in Sections 7.7 and 8.7, respectively.

1.10.2.6 Sanitary Discharge Approval

The Company may discharge sanitary wastewater to an off-site POTW, an on-site sedimentation pond, or a septic system. Required approval(s) will be obtained from the receiving POTW if off-site discharge is chosen. In the event on-site sedimentation ponds or septic systems are utilized, the State (under the NPDES/State Disposal System Permit process as described in Section 1.10.2.3 above) and local governments must provide necessary approvals.

1.10.2.7 NPDES Stormwater Program

The construction of Mesaba One and Mesaba Two requires the Project to apply for coverage under the Minnesota Pollution Control Agency's ("MPCA") NPDES Stormwater Permit Program for Construction Activities. The Company, or its contractors, will prepare a Stormwater Pollution Prevention Plan ("SWPPP") and apply for coverage under a general permit prior to commencement of construction activities. The Company will require its contractors to comply with the SWPPP and the provisions of the construction stormwater permits. Stormwater permitting requirements and submittals are discussed in Section 7.6.4.3 for the West Range Site. As noted in Section 8.6.4.1.4 in the East Range Site environmental analysis, stormwater permitting requirements and submittals would mirror those for the West Range Site.

For either the West Range Site or the East Range Site and prior to operation of the LEPGP, HVTLs, and natural gas pipeline (West Range Site only), the Company will apply for coverage under the Minnesota General Permit for Industrial Activity (MN G611000), or will apply for a Certification of No Exposure.

1.10.2.8 FERC Interstate Natural Gas Pipeline Certification

If the East Range Site is selected under the PPSA procedure, natural gas supply transportation to the site would be provided by Northern Natural Gas Company ("NNG"). In addition, either of two existing natural gas pipeline routes containing natural gas pipeline owned by NNG could be selected to serve the East Range Site. In such instances, the required facilities would be constructed by NNG pursuant to the prior notice provisions of the regulations governing NNG's blanket certificate issued in FERC Docket No. CP82-401-000. This acknowledges that no mainline modifications would be required for the Mesaba One and Mesaba Two.

1.10.2.8.1 Natural Gas Pipeline Regulatory Procedures

Construction of the natural gas pipeline facilities is governed by the prior notice provisions of the Federal Energy Regulatory Commission (FERC) regulations (18 C.F.R. 157.208(b)). Pursuant to those regulations, the regulatory process will include the submission of a request to FERC which includes: (1) a description of the purpose for the proposed facilities; (2) a detailed description of

the proposed facilities specifying length, diameter, wall thickness and maximum operation pressure for the pipeline; (3) a USGS 7.5 minute series (scale 1:24000) topographic map showing the location of the proposed facilities; (4) a map showing the relationship of the proposed facilities to NNG's existing facilities; (5) a comparative study showing daily design capacity, daily maximum capacity and operating pressures with and without the proposed facilities for that portion of NNG's existing system affected by the proposal; (6) the estimated cost and method of financing the proposed facilities; and (7) an explanation of how the public convenience and necessity requires the approval of the proposed facilities.

1.10.2.8.2 Natural Gas Pipeline Environmental Filings

The request to the FERC must also include a concise analysis discussing existing environmental conditions and any expected significant impacts that the proposed actions, including proposed mitigation measures, will cause to the quality of the human environment and sensitive environmental areas. The analysis must include a description of the public contacts made by NNG as well as any reports produced and results of consultations which took place to ensure compliance with the Endangered Species Act, National Historic Preservation Act and the Coastal Zone Management Act.

1.10.2.8.3 Notices

NNG will provide a copy of the FERC request to the appropriate state agency. In addition, pursuant to Section 157.203(d)(2) of the FERC's regulations, NNG will make a good faith effort to notify all affected landowners, as defined in Section 157.6(d)(2), within at least three business days following the date that a docket number is assigned to the application or at the time it initiates easement negotiations, whichever is earlier.

Within ten days after NNG's proposal has been submitted to the FERC, a notice of the proposal will be issued and posted to the FERC's Web site. The notice will invite comments from the public, agencies and any affected stakeholder during a specified time period. Forty-five days after the notice has been issued, the project will be approved to commence construction if no protests have been filed by any person or the FERC staff. If a protest is filed, the applicable parties will have thirty days from the deadline of the comment period within which to resolve the issues and withdraw the protest. If the protest has not been withdrawn within the appropriate time period, the request will be treated by the FERC as an application requesting FERC Section 7 authorization.

1.10.2.9 Other Approvals or Notifications

Other permits, approvals or notifications may be required under the following programs:

- Federal Aviation Administration Notice of Proposed Construction or Alteration (as necessary for exhaust stack and transmission towers)
- Exemption to allow burning of natural gas for power production (DOE, 10 C.F.R. § 503)
- Road Crossing Permits (Mn/DOT, Minn. R. ch. 8810)
- Miscellaneous State Building and Construction Permits and Inspections

A complete listing of potential permits and approvals is provided in Table 1.10-1.

Table 1.10-1 List of Permits Potentially Required to Construct and Operate Mesaba One and Two

Jurisdiction	Agency	Type of Approval	Authority	Description
Federal	Energy Regulatory Commission	Sales Tap Approval	18 C.F.R. 157.211	Approval to tap into or modify existing interstate natural gas pipeline
Federal	Federal Aviation Administration	Determination of No Hazard to Air Navigation	14 C.F.R. 77.19	Upon the Applicant's submission of notice of proposed construction of objects potentially affecting navigable airspace, the FAA must confirm such construction constitutes no hazard to air navigation.
Federal	Environmental Protection Agency	Acid Rain Permit	40 C.F.R. 72	Permit required for utility units exceeding threshold limits specified in regulation cited.
Federal	Energy Regulatory Commission	Exempt Wholesale Generator Status	15 U.S.C. 79z-5a(e)	Exemption of private generation from certain requirements for public utilities.
Federal	Department of Energy	Permanent exemption for New Facilities	10 C.F.R. 503	Exemption to allow burning of natural gas and fuel oil for power production
Federal	Army Corps of Engineers	Rivers and Harbor Act permit	33 C.F.R. 322	Permit for structures or work in or affecting navigable waters of the United States
<i>Federal</i>	<i>Army Corps of Engineers</i>	<i>Clean Water Act § 404 permit</i>	<i>33 C.F.R. 323</i>	<i>Permit governing the discharge of dredged or fill material to waters of the United States</i>
State of Minnesota	Board of Electricity	Electrical Inspection	Minn. R. ch. 3800	Conformance with electrical code
State of Minnesota	Department of Health	Public Water Supply Plan Review	Minn. R. ch. 4720	Required for drinking water systems serving greater than 25 persons
State of Minnesota	Department of Health	Plant Plumbing Plan Review	Minn. R. ch. 4715	Inspection of plumbing system
State of Minnesota	Department of Health	Environmental Laboratory Certification	Minn. R. 4740.2010 - 4740.2040	Environmental laboratory certification required before data can be submitted in support of permit programs, e.g., as prescribed under National Pollutant Discharge Elimination System ("NPDES") permit program

Table 1.10-1 List of Permits Potentially Required to Construct and Operate Mesaba One and Two

Jurisdiction	Agency	Type of Approval	Authority	Description
State of Minnesota	Department of Transportation	Access Permit	Minn. R. 8810.0050	Required whenever there is a request for change in access to or from Mn/DOT rights-of-way
State of Minnesota	Department of Transportation	Construction of Tunnels Under Highways Permit	Minn. R. 8810.3200 - 8810.3600	Utility construction and relocation on trunk highway rights-of-way
State of Minnesota	Department of Transportation	Drainage Permit	Minn. R. 8810.0050	Permit issued for repairs of utility or rebuilding structure (manholes, catch basins, etc) that are already in place.
State of Minnesota	Department of Transportation	Railroad Grade Crossing Operating License	Minn. R. 8830.2150 and 8830.9991	Operating license will be issued upon submittal and approval of railroad grade crossing signal circuit plans.
State of Minnesota	Department of Transportation	Utility Permit on Trunk Highway Right-of-way	Minn. R. 8810.3100 - 8810.3600	Permit required to install/move utilities on highway rights-of-way.
State of Minnesota	Department of Natural Resources	Easement Across State-Owned Land Managed by the Minnesota Department of Natural	Minn. Stat. § 84.63 Minn. Stat. § 84.631	The DNR may issue an easement to cross state-owned lands for the purpose of constructing and maintaining roads
State of Minnesota	Department of Natural Resources	License to Cross Public Lands and Waters	Minn. R. ch. 6135	For installation of utility services (as defined in statute) across DNR administered land and public waters
State of Minnesota	Department of Natural Resources	Open Burning Permit	Minn. Stat. § 88.16	Registering with local forestry office or fire warden is required in forested counties
State of Minnesota	Department of Natural Resources	Public Waters Work Permit (Protected Waters Permit)	Minn. R. 6115.0110 - 6115.0280	Work permit for activities that change or diminish the course, current or cross section of public waters within the state
State of Minnesota	Department of Natural Resources	Water Appropriation Permit - Long Term (Exceeding two years)	Minn. R. 6115.0600 - 6115.0810 ; 6115.0010	Permit required to appropriate or use waters of the state (ground or surface)

Table 1.10-1 List of Permits Potentially Required to Construct and Operate Mesaba One and Two

Jurisdiction	Agency	Type of Approval	Authority	Description
State of Minnesota	Department of Natural Resources	Water Appropriation Permit - Temporary (1-2 year maximum)	Minn. R. 6115.0600 - 6115.0810 ; 6115.0010	General permit notification form for certain temporary appropriations for construction dewatering, landscaping and hydrostatic testing
State of Minnesota	Public Utilities Commission	Site Permit for Large Electric Generating Power Plant	Minn. R. ch. 4400	Preconstruction permit requiring preparation of Environmental Impact Statement and contested case hearing
State of Minnesota	Public Utilities Commission	Route Permit for High Voltage Transmission Lines	Minn. R. ch. 4400	Preconstruction permit requiring preparation of Environmental Impact Statement and contested case hearing
State of Minnesota	Public Utilities Commission	Route Permit For Natural Gas Pipeline	Minn. R. ch. 4415.0035	Preconstruction permit requiring preparation of Environmental Impact Statement and contested case hearing
State of Minnesota	Pollution Control Agency	Underground Storage Tank (UST) Registration	Minn. Stat. § 116.46	Regulated UST systems must be registered
State of Minnesota	Pollution Control Agency	NPDES/SDS Permit	Minn. R. 7001.0020	Permit required for discharging wastewater to waters of United States (NPDES)
State of Minnesota	Pollution Control Agency	NPDES General Industrial Stormwater Permit	Minn. R. 7001.1035	Permit for stormwater discharges associated with industrial activity
State of Minnesota	Pollution Control Agency	NPDES General Construction Stormwater Permit	40 C.F.R. 122.26; Minn. R. 7001.1035	NPDES permit for stormwater discharge required for construction sites disturbing 1 acre or more of land
State of Minnesota	Pollution Control Agency	Hazardous Waste Generator License	Minn. R. 7045.0225	Any business that generates more than 10 gallons of feeable hazardous waste in a calendar year must be licensed and pay an annual fee
State of Minnesota	Pollution Control Agency	Aboveground Storage Tank (AST) Registration	Minn. R. ch. 7001 and 7151	Owners of Aboveground Storage Tanks larger than 110 gallons must notify the Agency

Table 1.10-1 List of Permits Potentially Required to Construct and Operate Mesaba One and Two

Jurisdiction	Agency	Type of Approval	Authority	Description
State of Minnesota	Pollution Control Agency	Part 70 Permit	Minn. R. 7007.0200 and 7007.0250	Construction of a major new source meeting specifications in rules must receive an air emissions permit prior to commencement of construction
State of Minnesota	Department of Public Safety	Fire Sprinkler Systems Plan Review	Minn. R. ch. 7512.1100	Permit for Fire Protection System
State of Minnesota	Department of Public Safety	Flammable Liquid Tanks Plan Review	Minn. Stat. § 299F.011	Aboveground Storage Tank Plan Review for Flammable and Combustible Liquids (Private Motor Vehicle Fuel Dispensing Station)
State of Minnesota	Department of Labor and Industry	Pressure vessels	Minn. R. ch. 5225	Permit required for operation of high pressure vessels
State of Minnesota	State Historical Preservation Office	Cultural Resources Review	36 C.F.R. 800	State review required under National Historic Preservation Act