



**MINNESOTA DEPARTMENT OF COMMERCE
ENERGY FACILITY PERMITTING
STAFF BRIEFING PAPERS**

Meeting Date: May 4, 2006 Agenda Item # 2

Company: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas

Docket No. PUC G008/GP-06-426

In the Matter of the Application to the Minnesota Public Utilities Commission for a Partial Exemption from Pipeline Route Selection Procedures and a Pipeline Routing Permit for a 16.3 mile, 20-inch diameter high-pressure (650 psi) natural gas pipeline originating at the Northern Natural Gas facility located in Andover (Anoka County) and terminating at the Riverside generating facility in Minneapolis (Hennepin County).

Issue(s): Should the Minnesota Public Utilities Commission accept the application?
Should the Commission take any additional actions at this time?

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The enclosed materials are work papers of the Department of Commerce Energy Facility Permitting Staff. They are intended for use by the Public Utilities Commission and are based on information already in the record unless otherwise noted.

Relevant Documents	Date	Doc#
Application of CenterPoint Energy for a Partial Exemption Pipeline Route Selection Procedures and for a Pipeline Routing Permit	April 6, 2006	(1)

Documents Attached

- A. General location map of CenterPoint Energy’s Riverside Pipeline
- B. Schematic of Permitting Process for Pipelines

Note: Relevant documents and additional information is available on eDockets (05-1706) or the PUC Facilities Permitting website <http://energyfacilities.puc.state.mn.us/Docket.html?Id=18522>

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).

Statement of the Issue

Should the Public Utilities Commission (Commission) accept, conditionally accept, or reject the application filed by CenterPoint Energy for a partial exemption from pipeline route selection procedures and for a pipeline routing permit to provide natural gas for the Riverside Generating Plant Conversion Project? Should the Commission take any additional actions at this time?

Introduction and Background

CenterPoint Energy has filed an application for a partial exemption from pipeline route selection procedures and for a pipeline routing permit. See Relevant Document #1.

Proposed Project Location

CenterPoint Energy is proposing to build a 16.3-mile natural gas pipeline that will begin at a new Northern Natural Gas Company (Northern Natural) Town Border Station located adjacent to an existing Northern Natural facility in the city of Andover near the intersection of 148th Street and Prairie Road. The pipeline will traverse north approximately 200 feet to 148th Street. The pipeline will then go west along the 148th Street right-of-way for approximately 2,500 feet. The pipeline will continue west for approximately 600 feet until reaching the Burlington Northern Santa Fe Railroad right-of-way. The pipeline will then traverse south generally outside but adjacent to the railroad right-of-way for approximately 11.4 miles. Next, the pipeline will go west approximately 600 feet to the intersection of Island Park Drive NE and East River Road. The pipeline will continue south along the west side of East River Road for approximately 4.1 miles until reaching Xcel Energy Riverside Power Plant facility on the east shore of the Mississippi River approximately 4 miles north of Downtown Minneapolis (Hennepin County). See accompanying map, Attachment A.

Project Description

The proposed pipeline will have an outside diameter of 20-inches and an operating pressure of 650 pounds per square inch (psi). The pipeline will be buried underground and primarily within existing rights-of-way in the cities of: Andover, Coon Rapids, Fridley, and Columbia Heights (Anoka County); and Minneapolis (Hennepin County).

Pipeline Permitting and Pipeline Routing Rules Chapter 4415

Minn. Stat. 116I.015 requires a pipeline routing permit from the PUC to construct certain intrastate natural gas and petroleum pipelines in Minnesota. The statute was passed in 1987. In 1989, the EQB promulgated rules implementing the pipeline routing requirements (Minn. Rules Chapter 4415).

The PUC has jurisdiction over pipelines with a diameter of six inches or more that are designed to transport hazardous liquids like crude petroleum and those that are designed to carry natural gas and be operated at a pressure of more than 275 pounds per square inch. However, the PUC's

authority does not apply to interstate natural gas pipelines regulated under the federal Natural Gas Act.

There are two review procedures available to applicants for obtaining a pipeline routing permit. An applicant may apply for a partial exemption from the complete procedural requirements if the project is not expected to have significant environmental impacts. In such a case, the process of public review normally takes from 60 to 120 days from submission of the application. For more controversial projects with expected significant environmental impacts, a more complex process is required. It can take up to nine months to complete. The procedural steps of each process are shown in the schematic. See item Attachment B.

EFP Staff Analysis and Comments

Application Requirements

The pipeline routing rules (4415.0035 Subpart 1) state as follows:

A person may apply to the PUC for partial exemption from pipeline route selection procedures for the issuance of a pipeline routing permit. To apply for a partial exemption, a person must comply with the application procedures of part 4415.0105 and submit an application that contains the information identified in parts 4415.0115 to 4415.0165.

Staff Review for Completeness

EFP Staff has completed a review of the applicable rules and the CenterPoint Energy application for completeness. CenterPoint Energy has provided the information required by Minn. Rules 4415.0115 to 4415.0165 (Contents of Application), including information on the environmental impact of the project. EFP staff has concluded the application is complete and that the Commission should accept the application.

Acceptance of the application or conditional acceptance allows the Department of Commerce EFP Staff and the applicant (CenterPoint Energy) to initiate the actions required by Minn. Rule 4415.0035 and 4415.0105. These actions include application distribution, published notice of information meeting in each county, and opportunity to comment on the partial exemption application and environmental impacts of the project. After completion of the review process EFP staff will bring the matter back to the PUC for a decision on whether to grant or deny the request for a partial exemption. If the partial exemption is granted a pipeline routing permit is issued. If the PUC does not grant the partial exemption, CenterPoint must reapply under the full pipeline permitting process.

CenterPoint Energy will comply with requests for additional information from the Commission, the Department, or other interested persons.

Decision Options

1. Accept the application of CenterPoint Energy for a partial exemption from pipeline route selection procedures and for a pipeline routing permit for the proposed 16.3-mile, 20-inch outside diameter natural gas pipeline for the Riverside Generating Plant Conversion Project.
2. Conditionally accept the application, and issue an order indicating which deficiencies, if corrected, will allow the application to be accepted.
3. Reject the application as incomplete and issue an order indicating the specific deficiencies to be remedied before the applicant can be accepted or conditionally accepted; or
4. Make some other decision deemed more appropriate.

EFP Staff Recommendation

Staff recommends selection of option #1.