

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye  
Ken Nickolai  
Marshall Johnson  
Phyllis Reha  
Thomas Pugh

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

To: Service List

SERVICE DATE: **AUG 25 2006**

DOCKET NO. PL-6580/GP-06-931

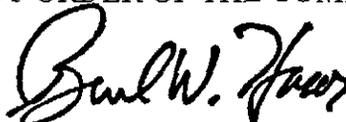
In the Matter of the Application of Greater Minnesota Transmission, LLC for a Pipeline Route Permit (Partial Exemption) for the Cannon Falls Gas Pipeline

The above entitled matter has been considered by the Commission and the following disposition made:

**Accepted the application of GMT for a partial exemption from pipeline rate selection procedures and for a pipeline routing permit for the proposed 13.0 mile, 16-inch outside diameter natural gas pipeline for the Cannon Falls Energy Center Project.**

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION



Burl W. Haar  
Executive Secretary

(SEAL)

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MINNESOTA DEPARTMENT OF COMMERCE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Energy Facility Permitting  
85 7th Place East, Ste 500  
Saint Paul, MN 55155-2198  
Minnesota Department of Commerce

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS AND RECOMMENDATIONS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
ENERGY FACILITY PERMITTING STAFF

DOCKET NO. PL-6580/GP-06-931

Meeting Date: August 17, 2006.....Agenda Item # 9

Company: Greater Minnesota Transmission, LLC

Docket No. PUC Docket Number: PL-6580/GP-06-931

In the Matter of the Application for a Partial Exemption from Pipeline Route Selection Procedures and a Pipeline Routing Permit for a natural gas pipeline originating at a new Northern Natural Gas (NNG) town border station (TBS) south of Coates and terminating at the Cannon Falls Energy Center (CFEC) facility in Cannon Falls (Goodhue County).

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

DOC Staff: William Cole Storm.....651-296-9535

Relevant Documents (in Commission Packet).

- Greater Minnesota Transmission, LLC's application for a Partial Exemption from Pipeline Route Selection Procedures and for a Pipeline Routing Permit dated July 20, 2006 (received July 21, 2006).

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

### **Documents Attached**

1. General location map of Greater Minnesota Transmission's proposed pipeline;
2. Flow-chart schematic of the Partial Exemption Pipeline Routing Process

(Note: Relevant documents and additional information can be found on eDockets (PL-6580/GP-06-931) or the PUC Facilities Permitting website:

<http://energyfacilities.puc.state.mn.us/pipelines.html>

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### **Statement of the Issue**

Should the Public Utilities Commission (PUC) accept, conditionally accept, or reject the application filed by Greater Minnesota Transmission for a partial exemption from pipeline route selection procedures and for a pipeline routing permit to provide natural gas for the CFEC?

Should the Commission take any additional actions at this time?

### **Introduction and Background**

On March 30, 2005, the Environmental Quality Board issued a Large Electric Power Generating Plant (LEPGP) Site Permit to Invenergy Cannon Falls, LLC (EQB Docket No. 04-85-PPS-Cannon Falls EC) to construct and operate a LEPGP in Cannon Falls, Minnesota. The Cannon Falls Energy Center (CFEC) will consist of two simple cycle combustion turbines. The nominal capacity of the facility will be 357 MW. The primary fuel will be natural gas with low sulfur distillate fuel oil as a backup.

The Cannon Falls Energy Center is being developed under an executed power purchase agreement between Invenergy Cannon Falls, LLC and Northern States Power d/b/a Xcel Energy. The entire output of the CFEC is dedicated to meet the PUC approved need (In the Matter of Northern States Power Company's Application for approval of its 2000-2014 Resource Plan) and therefore did not require a Certificate of Need (CON).

The proposed Cannon Falls Natural Gas Pipeline Project is to supply the required fuel to support the Cannon Falls Energy Center.

### ***Project Description***

Greater Minnesota Transmission, LLC (GMT) is proposing to install a 13.0 mile, 16-inch diameter high-pressure natural gas pipeline in central Dakota County. The proposed pipeline route originates at a new Northern Natural Gas (NNG) town border station (TBS) south of Coates and terminates at the proposed CFEC on the northwest edge of Cannon Falls in Goodhue County. The proposed pipeline route generally parallels U.S. Highway 52 through

Vermillion, Hampton, and Randolph townships in Dakota County and Cannon Falls in Goodhue County (See attached document #1). The project title is the Cannon Falls Natural Gas Pipeline Project.

The pipeline will be capable of delivering 91,200 dekatherms of odorized natural gas per day (91,200 mcfd, at 1,026 Btu per cubic foot). The proposed operating pressure will be no less than 650 pounds per square inch (psig) and the pipeline will be designed to a maximum allowable operating pressure (MAOP) of 800 psig. The design criteria for the pipeline also include .325" pipe wall thickness, less than 50 percent of specified minimum yield strength (SMYS) operation, Class 3 location design, 16-mil cathodic protection coating with rectifier protection and a single 16-inch mid-line valve for isolation.

The primary purpose of the proposed pipeline is to supply natural gas to the proposed CFEC in Cannon Falls. The pipeline will also include three taps for possible future town border station locations. The permanent easement width will be a maximum of 60 feet, reduced to 30 feet where proximity to public rights-of-way allows for such reduction. Finally, the pipeline has a target in service of December 15, 2007 at an estimated cost of \$7.2 million.

### ***Regulatory Review Process***

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 and to pipeline owners or operators who are defined as a natural gas public utility under Minn. Stat. 216B.02.

The procedure to be followed in considering a permit for a pipeline depends on the size and type of the pipeline. An applicant may apply for a partial exemption from the complete procedural requirements if the project is not expected to have significant environmental impacts (see attached document #2). 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 procedures are explained in detail in the pipeline routing rules (Minnesota Rules Chapter 4415).

### ***Agricultural Impact Mitigation Plan***

With the transfer of permitting authority from the EQB to PUC, other legislative changes were made in the permitting of both electric energy facilities and pipelines. Minnesota Statutes 2004, section 116C.61 Subdivision 3 was amended to include language that requires an applicant for a permit for a transmission line, power plant and pipeline to address agricultural concerns (Chapter 97 at Section 10 Subd 3b):

Section 116C.61, Subd. 3. An applicant for a permit under this section or under chapter 116I shall notify the Commissioner of Agriculture if the proposed project will impact cultivated agricultural land, as that term is defined in section 116I.01, subdivision 4. The commissioner may participate and advise the commission as to whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if the permit is granted. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

EFP staff, the applicant and the Minnesota Department of Agriculture are coordinating actions on this requirement. A Draft Agricultural Mitigation Plan (AMP) was part of the pipeline routing permit application and that continues to be a work in progress and will be throughout the hearing. Mitigation of impacts to certified organic farms were not addressed in the draft plan. The Applicant and the Minnesota Department of Agriculture and other interested parties are reviewing this topic and this will be addressed at the hearing. The Draft AMP is a working document and subject to change based on review and comment by the public and what actions will best mitigate impacts to all types of agricultural lands that may be affected by the project.

A final AMP can be included as one of the conditions in a pipeline routing permit issued by the Commission.

### **EFP Staff Analysis and Comments**

EFP Staff has completed a review of the applicable rules and the GMT application for completeness. GMT 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 (GMT) 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, GMT must reapply under the full pipeline permitting process.

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

### **Commission Decision Options**

#### *Application Acceptance*

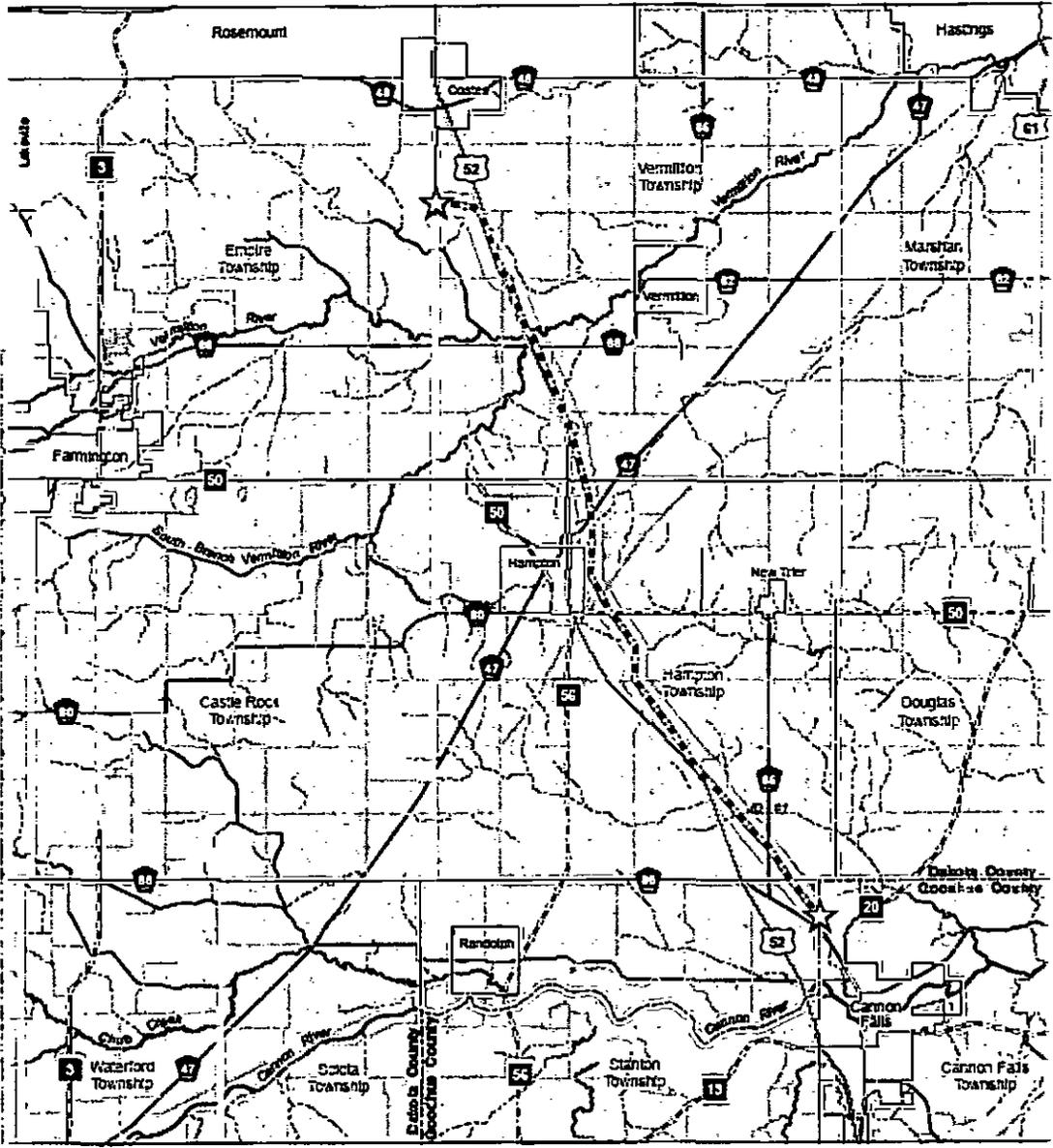
- 1a. Accept the application of GMT for a partial exemption from pipeline route selection procedures and for a pipeline routing permit for the proposed 13.0 mile, 16-inch outside diameter natural gas pipeline for the Cannon Falls Energy Center Project.
- 1b. Conditionally accept the application, and issue an order indicating which deficiencies, if corrected, will allow the application to be accepted.
- 1c. 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;

#### *Other*

Make some other decisions deemed more appropriate.

**EFP Staff Recommendation:** Staff recommends option numbers 1a.

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- Preferred Route
- Preferred Route: +/- 500 yd Width
- US Highway
- State Highway
- County State Aid Highway
- Minor Road
- Perennial Stream
- Intermittent Stream
- County Boundary
- Municipality
- Civil Township

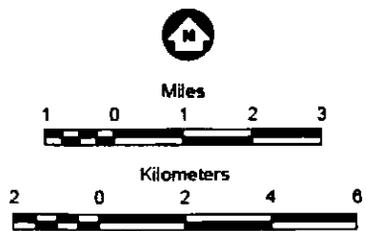


Figure 1-1

**PROJECT LOCATION MAP**  
 Greater Minnesota Transmission, LLC  
 Cannon Falls Gas Pipeline Routing  
 Permit Application  
 July 2008



# Partial Exemption From Pipeline Route Selection Procedures

**Minnesota Rules  
4415.0035**

## PUC Energy Facility Permitting

Days After  
Acceptance

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15

45

90

