



Energy Facility Permitting

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March 21, 2007

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
127 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Comments and Recommendations of the Minnesota Department of Commerce
Energy Facility Permitting Staff
Docket No. PL,E-280/GP-06-1481

Dear Dr. Haar:

Attached are the comments and recommendations of the Minnesota Department of Commerce Energy Facility Permitting Staff in the following matter:

In the Matter of the Application for a Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures for the Nashwauk-Blackberry Natural Gas Pipeline Project

The Department EFP staff recommends acceptance of the application for a partial exemption from pipeline route selection procedures and a pipeline routing permit.

Staff is available to answer any questions the Commission may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Haase', written in a cursive style.

Jeffrey Haase
DOC EFP Staff
Enclosures



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. PL,E-280/GP-06-1481

Meeting Date: March 29, 2007

Agenda Item # _____

Company: Nashwauk Public Utilities Commission

Docket No. PL,E-280/GP-06-1481

In the Matter of the Application for a Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures for the Nashwauk-Blackberry Natural Gas Pipeline Project

Issue(s): Should the Commission accept the application as complete?
Should the Commission appoint a public adviser?
Should the Commission establish a Citizen Advisory Committee?

DOC Staff: Jeffrey T. Haase651-297-5648

Relevant Documents

Initial Filing- Route Permit Application – Nashwauk Public Utilities Commission
.....*March 6, 2007*

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.

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).

(Relevant documents and project information can be found on eDockets (06-1481) or the PUC Facilities Permitting website: <http://energyfacilities.puc.state.mn.us/Docket.html?Id=19035>)

Attached Documents

1. Proposed pipeline route maps
2. Schematic of Process for Partial Exemption from Pipeline Route Selection Procedures

Statement of the Issues

Should the Commission accept the route permit application as complete? If complete and accepted, should the Commission appoint a public advisor? Should the Commission appoint an advisory task force?

Introduction and Background

On March 6, 2007, the Nashwauk Public Utilities Commission (NPUC) filed an application for a pipeline routing permit and partial exemption from pipeline route selection procedures for the Nashwauk to Blackberry natural gas pipeline project. The Docket number for this project is PL,E-280/GP-06-1481.

Project Area

The proposed Nashwauk to Blackberry pipeline project is located within a semi-rural area of southeastern Itasca County in northeastern Minnesota. The area is a mix of forested land, mineland, wetlands, pasture and small farms. The proposed pipeline route will cross portions of the cities of Taconite and Nashwauk. Approximately 42 percent of the route is farm-residential, 7 percent is municipal, and 51percent is industrial.

Project Description

The proposed pipeline route originates at a take-off point on the existing Great Lakes Gas (GLG) 36-inch pipeline in Blackberry Township. The 24-inch pipeline will run north for approximately 13-miles to an area near the City of Taconite. The proposed pipeline will then turn northeast for approximately 9-miles until it reaches the City of Nashwauk. The pipeline will terminate in the northeast ¼ of the northeast ¼ of Section 36 in Township 57 North Range 23 West, Itasca County. Attachment 1 provides project location maps for the proposed pipeline.

The proposed pipeline will be a 24-inch outside diameter, welded steel, fusion bond epoxy-coated pipe. The pipeline will provide the natural gas fuel required to operate the proposed Minnesota Steel Nashwauk Taconite Reduction Plant and other potential industrial customers near the city of Nashwauk. The proposed pipeline will provide natural gas service to Minnesota Steel's proposed plant for use in the processing of taconite and other plant operations. The pipeline is designed to deliver natural gas at a maximum rate of 206 million cubic feet per day and is planned to operate at a pressure of 599 pounds per square inch gauge (psig). The Maximum Allowable Operating Pressure of the pipe will be 1016 psig.

Regulatory Process and Procedures

Minn. Stat. 216G.02 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.

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 included as attachment 2.

Public Advisor

Upon acceptance of an application for a site or route permit, the Commission must designate a staff person to act as the public advisor on the project (Minnesota Rule 4415.0065). The public advisor is someone who is available to answer questions from the public about the permitting process. In this role, the public advisor may not act as an advocate on behalf of any person.

The Commission can authorize the Department to name a staff member from the EFP staff as the public advisor or assign a PUC staff member.

Citizen Advisory Committee

The Commission may establish a citizen advisory committee to aid and advise the Commission in evaluating routes for a pipeline (Minnesota Rule 4415.0055). The Commission shall provide guidance to the advisory committee in the form of a charge to the committee and through specific requests to it. There is no limit to the number of persons that make up an advisory committee, but the committee must contain at least one representative from each of the following:

- a regional development commission,
- the county,
- a municipal corporation,
- and a town board from each county in which a route is proposed to be located.

No officer, agent, or employee of the applicant shall serve on the citizen's advisory committee.

A decision to establish an advisory committee does not need to be made at the time of accepting the application. All landowners and governmental units affected by the proposed pipeline route (approximately ¼ mile in width) do receive, by certified mail, a copy of the application along with notice of the public information meeting and public comment deadline.

DOC EFP Staff Analysis and Comments

Completeness

DOC EFP staff conducted completeness review of the NPUC pipeline route permit application and conclude that the Application meets the content requirements of Minnesota Rule 4415.0115 to 4415.0165 and is complete. Application acceptance allows staff to initiate and conduct the public participation process.

Citizens Advisory Committee

The purpose of a citizen advisory committee for pipeline projects to aid the Commission in the evaluation of alternative routes. However, in this instance the applicant is pursuing a partial exemption from pipeline route selection procedures, which does not require the filing of alternative routes. As such action on an advisory committee is not warranted at this point in the partial exemption process, and it is unclear if the project will be controversial in the area for which it is proposed. Since information about the project and public comment opportunities will be made available to all affected parties shortly after application acceptance, the need or desire for an advisory committee will become more apparent at that time. If alternative routes or route segments are proposed, or if the partial exemption is denied and the applicant reapplies under the full review process, the Commission could consider establishing an advisory committee at that time.

PUC Decision Options:

A. Application Acceptance

1. Accept the Nashwauk Public Utilities Commission pipeline route permit Application under the partial exemption process as complete.
2. Reject the route permit application as incomplete and issue an order indicating the specific deficiencies to be remedied before the Application can be accepted.
3. Find the Application complete upon the submission of supplementary information.
4. Make another decision deemed more appropriate.

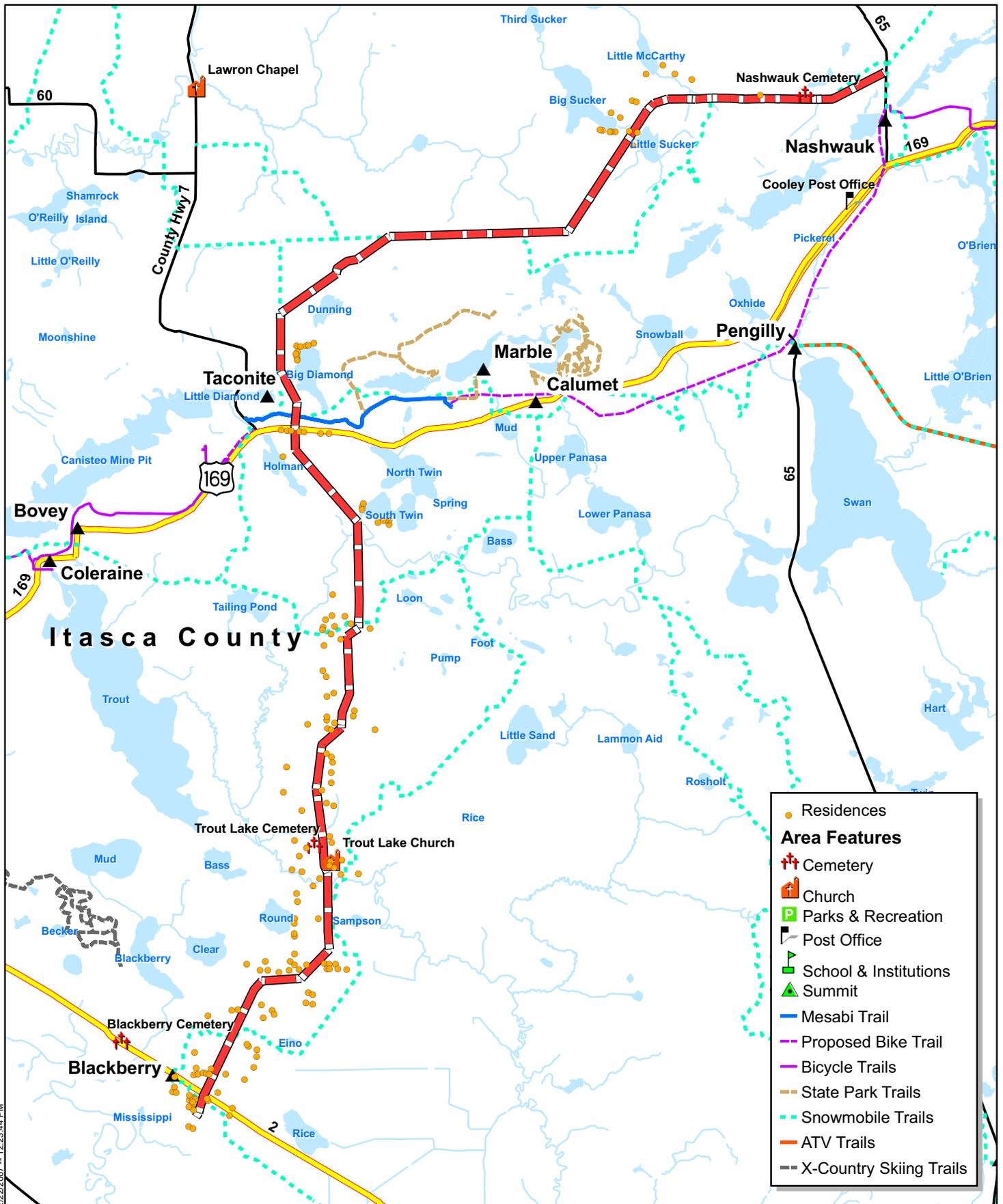
B. Public Advisor

1. Authorize the Minnesota Department of Commerce Energy Facilities Permitting staff to name a public advisor in this proceeding.
2. Appoint a PUC staff person as public advisor.
3. Make another decision deemed more appropriate.

C. Citizens Advisory Committee

1. Take no action on an advisory task force at this time.
2. Determine that an advisory committee is not necessary.
3. Authorize DOC EFP staff to establish an advisory committee, and develop a proposed structure and charge for the task force.
4. Make another decision deemed more appropriate.

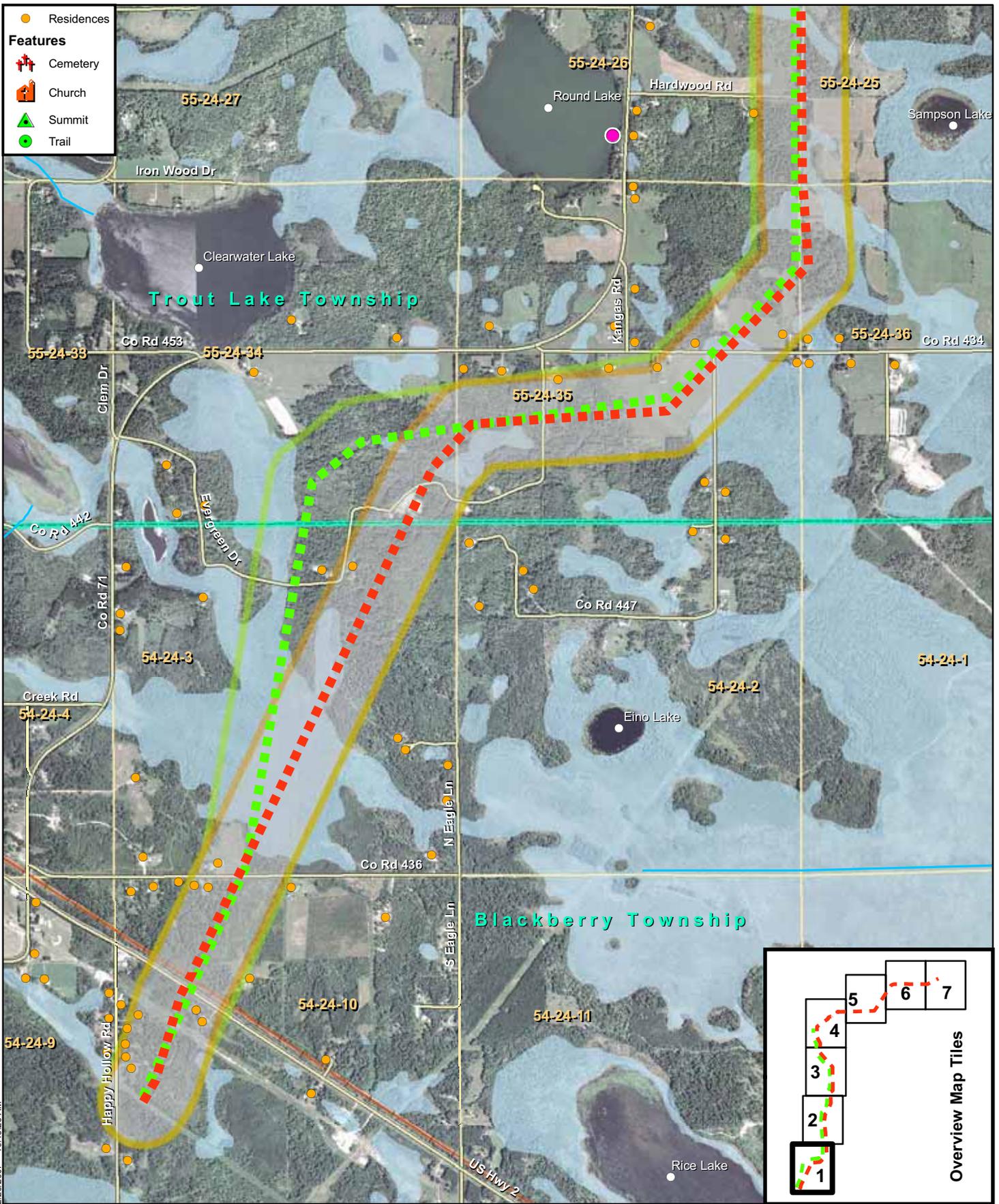
DOC EFP Staff Recommendations: Staff recommends options A1, B1, C1



Map Document: (S:\KOW\Nashu\070100\GIS\PUC PERMIT Figure 01 Significant Receptors Along NashBlack 8-5x11 P.mxd) 2/22/2007 - 12:23:44 PM

	Residences
Area Features	
	Cemetery
	Church
	Parks & Recreation
	Post Office
	School & Institutions
	Summit
	Mesabi Trail
	Proposed Bike Trail
	Bicycle Trails
	State Park Trails
	Snowmobile Trails
	ATV Trails
	X-Country Skiing Trails

<p>3535 VADNAIS CENTER DR. ST. PAUL, MN 55110 PHONE: (651) 490-2000 FAX: (651) 490-2150 WATTS: 800-325-2055 www.sehinc.com</p>	<p>City of Nashwak Public Utilities Commission</p>	<p>Legend</p> <ul style="list-style-type: none"> Nashwak-Blackberry Pipeline Cities U.S. Highways Other Highways Counties Streams 	<p>Figure 1 Area Features</p>	<p>Itasca County - South Coordinate System</p> <p>0 10,000 Feet</p>
	<p>February 2007</p>	<p>Source: ESRI, USGS, MNDNR, Excelsior Energy, Itasca County, and SEH. © 2007 SEH</p>		



Map Document: (S:\KON\Nashu07100\GIS\PUC PERMIT Figure 11 Nashauk Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 -- 10:13:25 AM

- Residences
- Features**
- Cemetery
- Church
- Summit
- Trail



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**City of Nashauk
Public Utilities
Commission**

February 2007

Legend

- - - Proposed Nashauk Gas Pipeline Route Centerline
- - - Proposed Excelsior Energy Gas Pipeline Route Centerline
- 1/4 Mile Gas Route
- Combined 1/4 Mile Gas Route
- PLS Sections (T-R-S)
- Municipal Boundaries
- Geographic Names
- Existing Roads
- Existing Railroads
- Rare Natural Features
- WMA
- Surveyed Wetlands
- NWI
- Streams

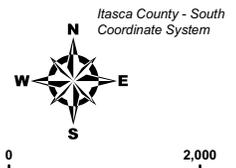
Source: USDA 2003 DOQQs, ESRI, MNDNR, MnDOT, USGS, Excelsior Energy, Nashauk PUC, Itasca County and SEH. © 2007 SEH

Figure 11 - 1

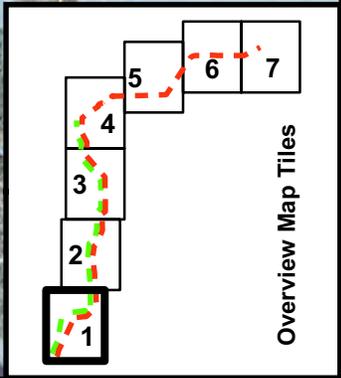
Nashauk-Blackberry Pipeline Project

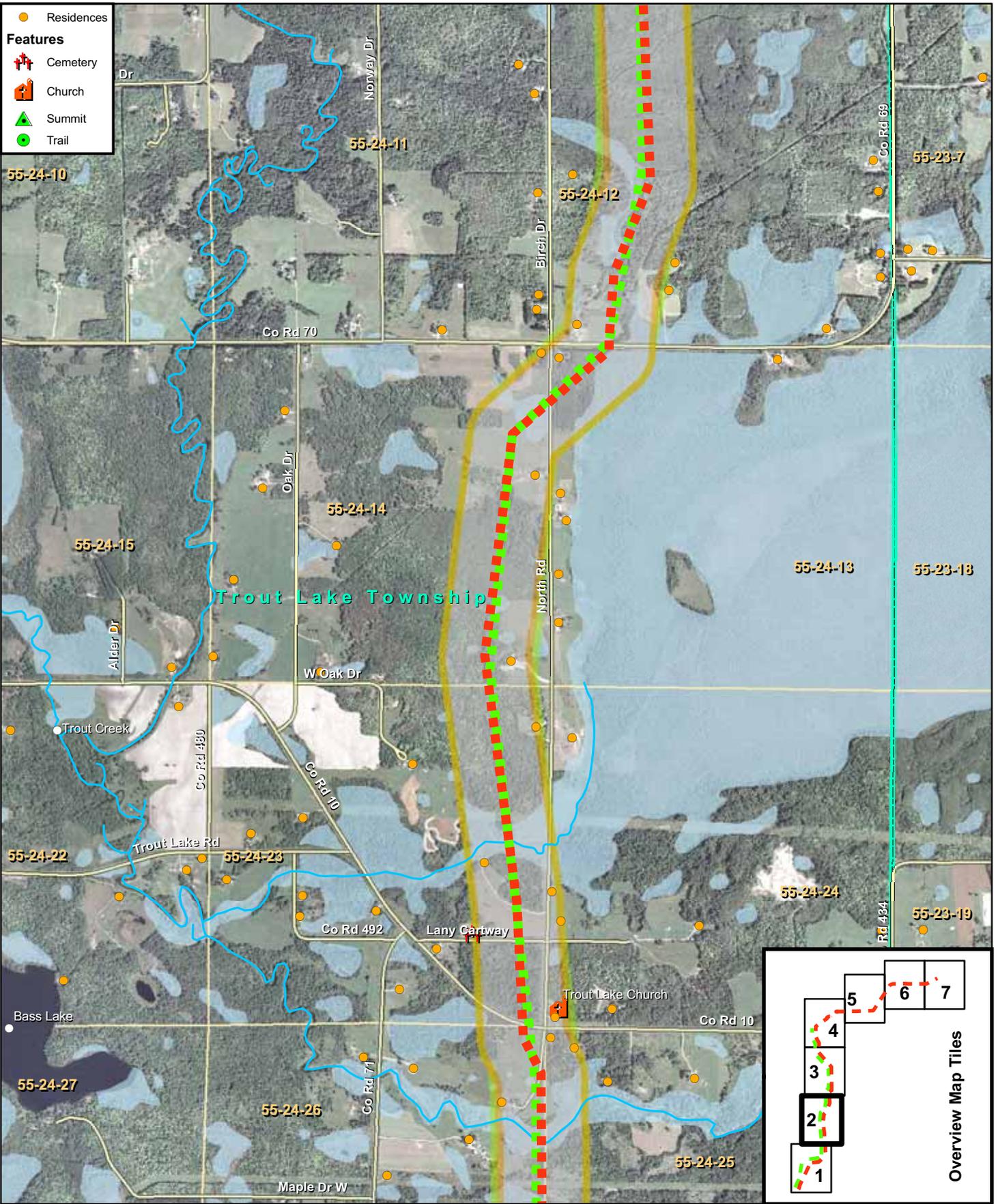
Segment 1

Itasca County - South Coordinate System

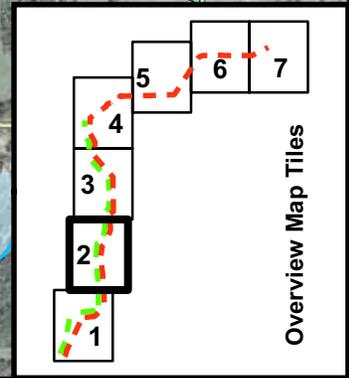


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Map Document: (S:\KON\Nashua\07100\GIS\IPUC PERMIT Figure 11 Nashwaug Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 - 10:13:25 AM



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**City of Nashwaug
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February 2007

Legend

- - - Proposed Nashwaug Gas Pipeline Route Centerline
- - - Proposed Excelsior Energy Gas Pipeline Route Centerline
- 1/4 Mile Gas Route
- Combined 1/4 Mile Gas Route
- PLS Sections (T-R-S)
- Municipal Boundaries
- Civil Township Boundaries
- Residences
- + Cemetery
- Ⓜ Church
- ▲ Summit
- Trail
- Existing Roads
- Existing Railroads
- Rare Natural Features
- WMA
- Surveyed Wetlands
- NWI
- Streams
- Civil Township Boundaries
- Geographic Names

Source: USDA 2003 DOQQs, ESRI, MNDNR, MnDOT, USGS, Excelsior Energy, Nashwaug PUC, Itasca County and SEH. © 2007 SEH

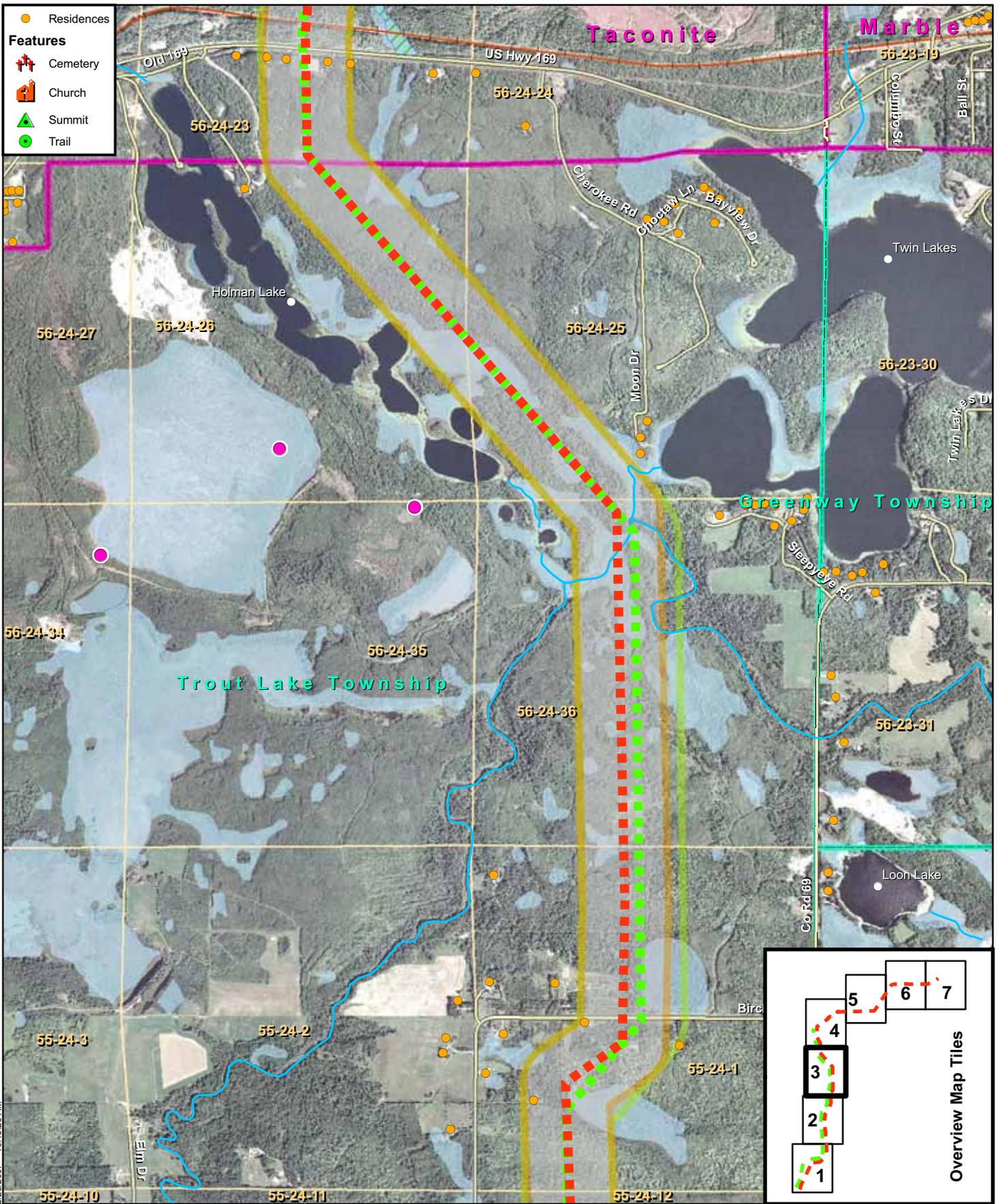
Figure 11 - 2

**Nashwaug-
Blackberry
Pipeline Project**

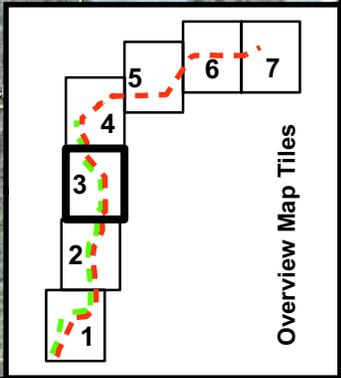
Segment 2

Itasca County - South
Coordinate System

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Map Document: (S:\KON\Nashu\07100\GIS\PUC PERMIT Figure 11 Nashauk Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 -- 10:13:25 AM



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**City of Nashauk
Public Utilities
Commission**

February 2007

Legend

- Proposed Nashauk Gas Pipeline Route Centerline
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- 1/4 Mile Gas Route
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- Geographic Names
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Source: USDA 2003 DOQQs, ESRI, MNDNR, MnDOT, USGS, Excelsior Energy, Nashauk PUC, Itasca County and SEH, © 2007 SEH

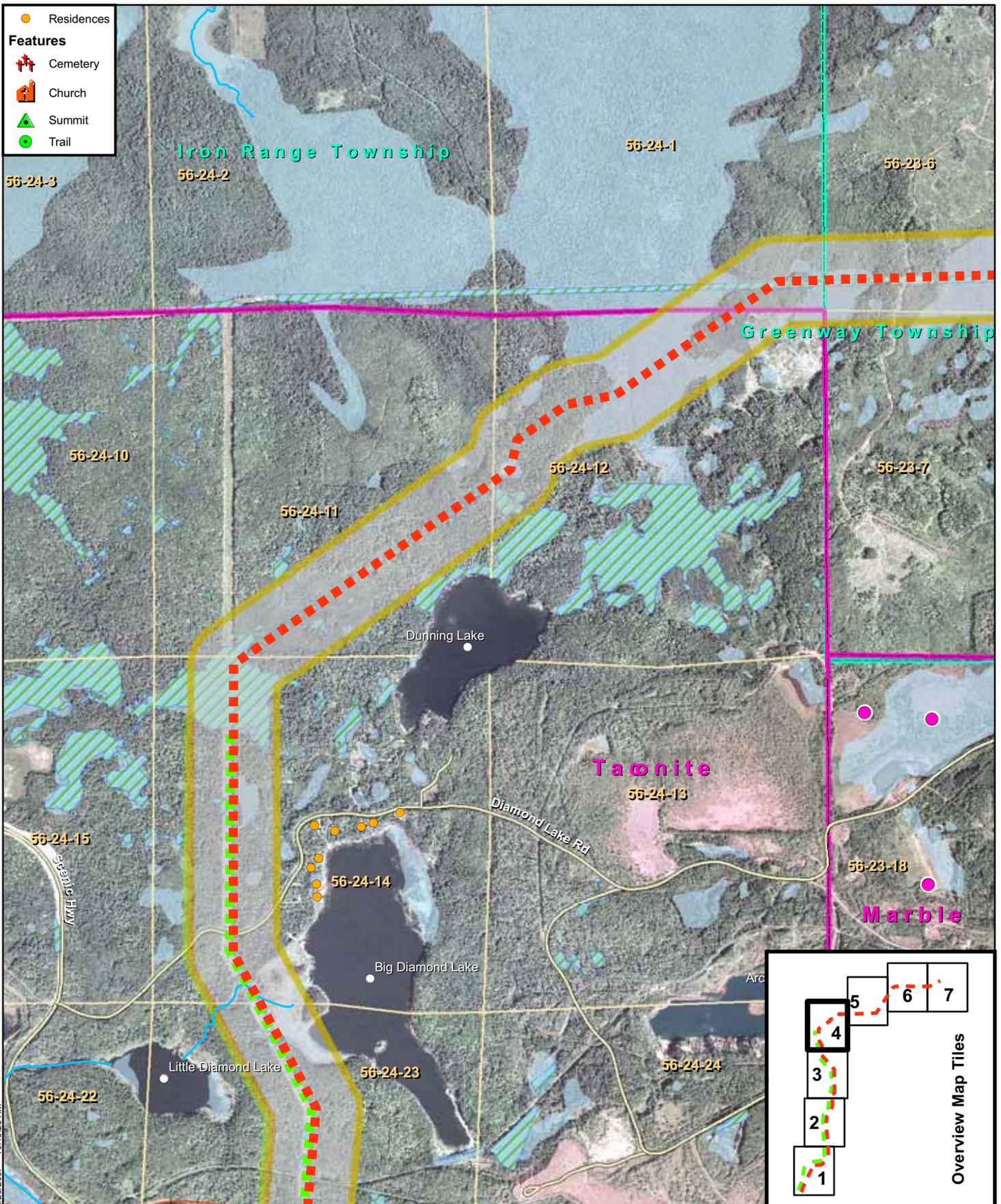
Figure 11 - 3

Nashauk-Blackberry Pipeline Project

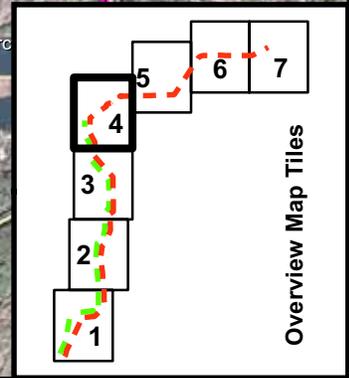
Segment 3

Itasca County - South Coordinate System

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Map Document: (S:\KON\Nashu07100\GIS\PUC PERMIT Figure 11 Nashwauck Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 -- 10:13:25 AM



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**City of Nashwauck
Public Utilities
Commission**

February 2007

Legend

- Proposed Nashwauck Gas Pipeline Route Centerline
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Source: USDA 2003 DOQQs, ESRI, MNDNR, MnDOT, USGS, Excelsior Energy, Nashwauck PUC, Itasca County and SEH. © 2007 SEH

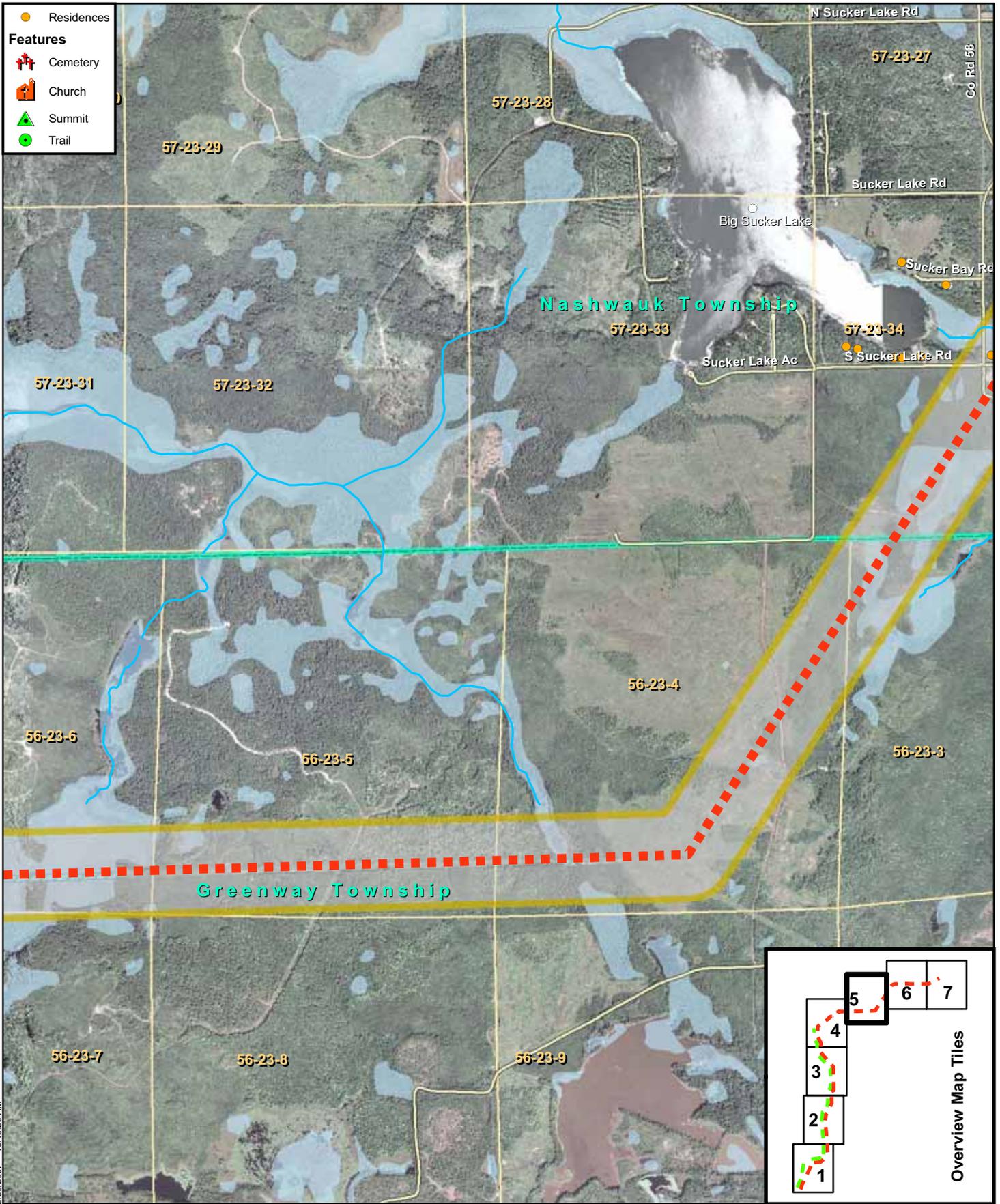
Figure 11 - 4

Nashwauck-Blackberry Pipeline Project

Segment 4

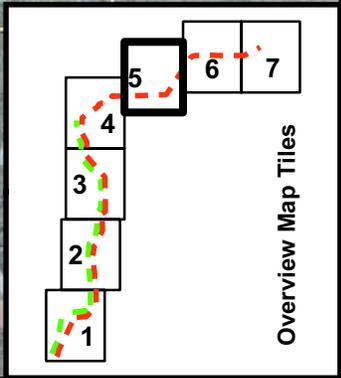
Itasca County - South Coordinate System

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Map Document: (S:\KON\Nashua\07100\GIS\IPUC PERMIT Figure 11 Nashwauk Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 -- 10:13:25 AM

- Residences
- Features**
- ✠ Cemetery
- ✎ Church
- ▲ Summit
- Trail




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**City of Nashwauk
Public Utilities
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February 2007

Legend

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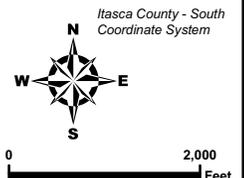
Source: USDA 2003 DOQQs, ESRI, MNDNR, MnDOT, USGS, Excelsior Energy, Nashwauk PUC, Itasca County and SEH. © 2007 SEH

Figure 11 - 5

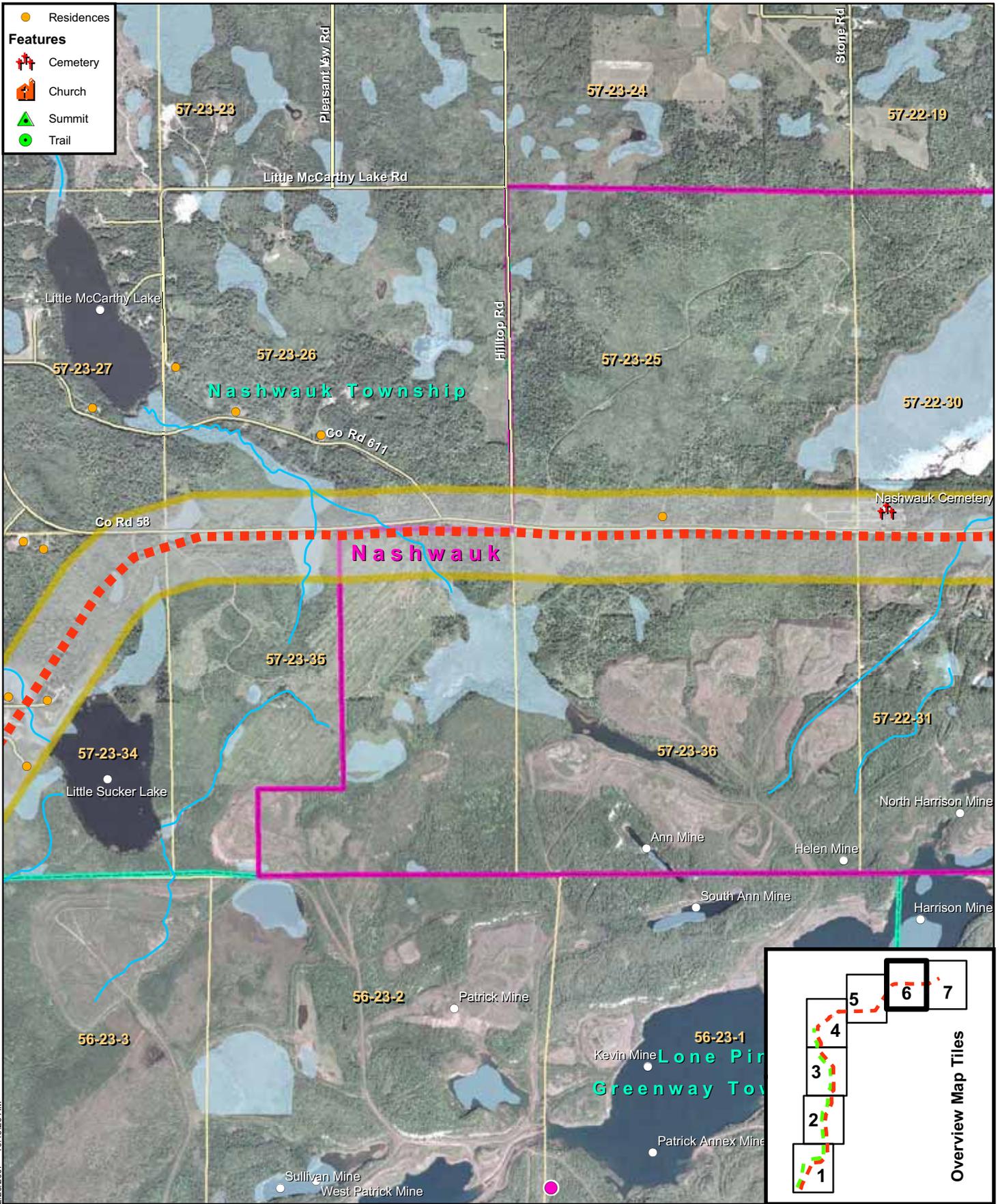
Nashwauk-Blackberry Pipeline Project

Segment 5

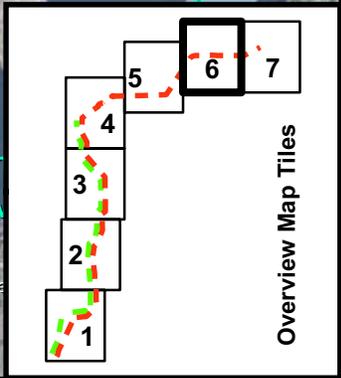
Itasca County - South Coordinate System



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Map Document: (S:\KON\Nashu\07100\GIS\PUC PERMIT Figure 11 Nashwauk Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 -- 10:13:25 AM




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**City of Nashwauk
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February 2007

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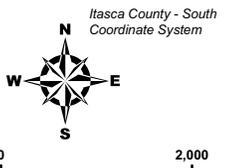
Source: USDA 2003 DOQQs, ESRI, MNDNR, MnDOT, USGS, Excelsior Energy, Nashwauk PUC, Itasca County and SEH. © 2007 SEH

Figure 11 - 6

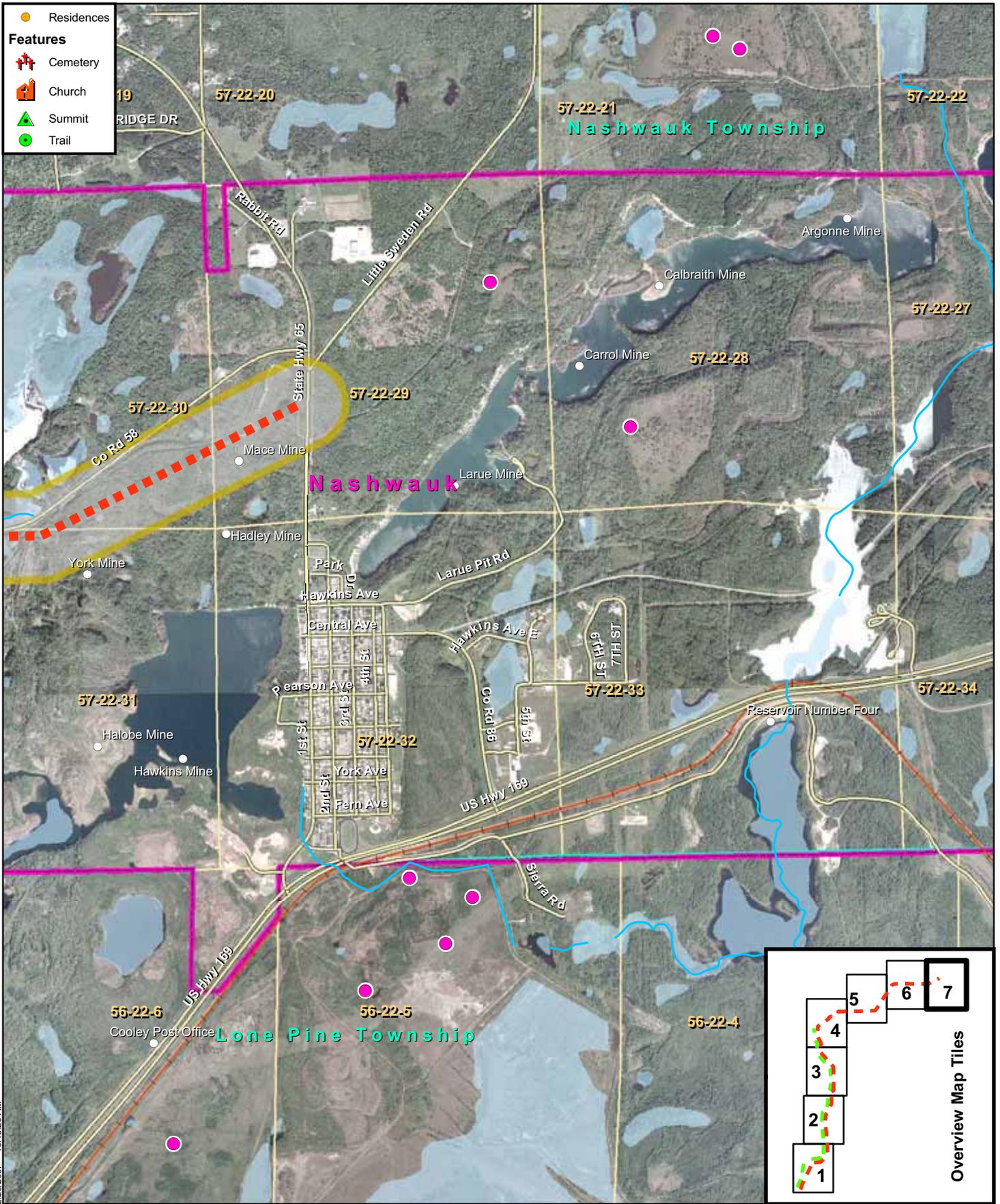
Nashwauk-Blackberry Pipeline Project

Segment 6

Itasca County - South Coordinate System



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Map Document: (S:\K\N\Nashu\07100\GIS\PUC PERMIT Figure 11 Nashwauk Proposed Gas Alignment Mapbook 8-5x11 P.mxd) 2/23/2007 -- 10:13:25 AM

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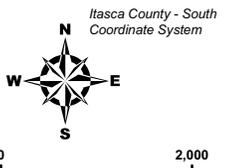
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Figure 11 - 7

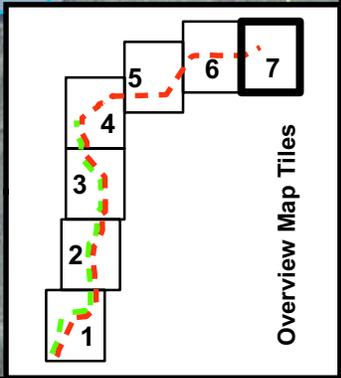
Nashwauk-Blackberry Pipeline Project

Segment 7



Itasca County - South Coordinate System

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Partial Exemption From Pipeline Route Selection Procedures

Minnesota Rules 4415.0035

PUC Energy Facility Permitting

