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September 2, 2006

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 Office of Energy Security Energy Facility Permitting Staff (Docket No. E015/GP-08-586)

Dear Dr. Haar:

Attached are the comments and recommendations of the Minnesota Office of Energy Security (OES) Energy Facility Permitting (EFP) staff in the following matter:

In the matter of the Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures for the Boswell Energy Center Natural Gas Pipeline Project in Itasca County.

Staff is providing you with:

1. Comments and Recommendations;
2. Findings of Facts, Conclusions of Law and Order;
3. Pipeline Route Permit

The EFP staff recommends adoption of the staff's Findings of Fact, Conclusions of Law, and Order that grant a partial exemption from pipeline route selection procedures and issue a route permit with conditions and specifying the location of the route for the Minnesota Power 6,900 foot, 10.75-inch outside diameter, 974 psig natural gas pipeline.

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

Sincerely,

Scott Ek, Project Manager
Office of Energy Security

Enclosures



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA OFFICE OF ENERGY SECURITY
ENERGY FACILITY PERMITTING STAFF**

DOCKET No. E015/GP-08-586

Meeting Date: September 11, 2008 Agenda Item # 12

Company: Minnesota Power

Docket No. E015/GP-08-586

In the Matter of the Application by Minnesota Power for a Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures.

Issue(s): Should the Commission grant a partial exemption from pipeline route selection procedures and issue a pipeline route permit for a 6,900 foot, 10.75-inch outside diameter natural gas pipeline with a maximum operating pressure of 974 pounds per square inch gauge to serve the Boswell Energy Center located in the city of Cohasset, Itasca County, Minnesota?

OES Staff: Scott Ek 651-296-8813

Relevant Documents

Initial Filing – Pipeline Routing Permit Application June 5, 2008
Public Utilities Commission Acceptance Order June 30, 2008
Comments July 31, 2008

The enclosed materials are work papers of the Office of Energy Security (OES) Energy Facility Permitting (EFP) staff. They are intended for use by the Minnesota Public Utilities Commission (the 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).

Documents Attached

1. Findings of Fact, Conclusions of Law, and Order
2. Pipeline Routing Permit
3. Project Location Map (Map 3) from Minnesota Power's application

(Relevant documents and additional information can be found on Edockets (08-586) or the PUC Facilities Permitting website <http://energyfacilities.puc.state.mn.us/Docket.html?Id=19634>)

Statement of the Issues

Should the Commission grant a partial exemption from pipeline route selection procedures and issue a pipeline route permit for a 6,900 foot 10.75-inch outside diameter natural gas pipeline with a maximum operating pressure (maop) of 974 pounds per square inch gauge (psig) to serve the Boswell Energy Center (BEC) located in the city of Cohasset, Itasca County, Minnesota?

Introduction and Background

Minnesota Power, an investor-owned electric utility headquartered in Duluth, Minnesota, is proposing the BEC Natural Gas Pipeline Project, a new natural gas pipeline to serve the BEC located in Cohasset, Minnesota.

Project Purpose

The primary purpose of the pipeline is to provide a source of natural gas to the BEC, a low-sulfur, sub-bituminous coal-fired electric generating station comprised of four coal fired units currently equipped with fuel oil igniters. The existing fuel oil igniter configurations require the exhaust gases from units 1 and 2 to bypass the fabric filter particulate control system during start-up to avoid fouling the fabric filters, thereby creating opacity issues. Separate to the pipeline project, Minnesota Power plans to install natural gas igniters in place of the existing fuel oil igniters on all four units. Installation of the proposed pipeline will allow for future use of natural gas for the new igniters, thereby eliminating the present opacity issues attributed to the existing fuel oil igniters at the BEC.

Project Location and Route

The proposed pipeline project is located in the city of Cohasset in Itasca County, Minnesota (Sections 3, 4, and 9, Township 55 North, Range 26). The pipeline route would begin at Great Lakes' existing meter station facility located north of Cohasset and travel approximately 1,300 feet in a northwesterly direction adjacent to the existing Great Lakes pipelines. The proposed pipeline would then head in a southerly direction and travel approximately 1,400 feet across U.S. Highway 2 and Burlington Northern Santa Fe railroad to the south side of Minnesota Power's existing high voltage electric transmission lines.

The pipeline would travel westerly along the south side of the high voltage electric transmission lines for approximately 3,050 feet and then turn south for approximately 1,150 feet to the proposed terminus of the pipeline at the BEC plant site.

Project Description

The BEC Natural Gas Pipeline Project is a new 6,900 foot 10.75 inch outside diameter natural gas pipeline with a maop of 974 psig. The maximum design capacity of the natural gas pipeline is 12,000 million cubic feet per day at 974 psig with an average operating pressure of 900 to 974 psig. Associated above ground facilities will consist of two 200 foot by 200 foot, fenced and graveled facilities within or near the Great Lakes Cohasset Meter Station and the BEC Gas Delivery Station.

A total of 16.47 acres of land will be required for the proposed pipeline alignment. The proposed alignment parallels existing natural gas pipeline and high voltage transmission line rights-of-way for approximately 63 percent of lands crossed. The project calls for a 75-foot construction right-of-way consisting of a 25-foot temporary right-of-way and a 50-foot permanent right-of-way.

The total estimated cost of the proposed pipeline project is \$2.5 million, with a planned in-service date of December 31, 2008.

Regulatory Process and Procedures

Pursuant to Minnesota Statute 216G.02, "A person may not construct a pipeline without a pipeline routing permit issued by the Public Utilities Commission...". In this case a pipeline is defined as, "...A pipe designed to be operated at a pressure of more than 275 pounds per square inch and to carry gas." (Minnesota Statute 216G.02, subdivision 1(2)). The maximum allowable operating pressure for the proposed pipeline would be 974 psig.

Application and Acceptance

On June 5, 2008, Minnesota Power filed a letter with the Commission indicating they intended to file an application for partial exemption from pipeline route selection procedures. A route permit application for the proposed project was also filed by Minnesota Power on June 5, 2008, with the understanding that the Commission would not make a decision on the adequacy of the application for at least 21 days (Minnesota Rule 7852.2000, subpart 4).

The Commission accepted the application as complete in an Order dated on June 30, 2008. The acceptance of the application allowed staff and the applicant to initiate the procedures required by Minnesota Rule 7852.0600.

Public Review and Information Meeting

A notice that included a description of the proposed project and map, the date of public information meeting, and comment period was published in the local newspaper and was sent via mail/certified mail along with a copy of the route permit application in accordance with Minnesota Rules 7852.0600, subpart 2 and 7852.2000, subpart 6.

The EFP staff held a public information meeting on July 16, 2008, in Grand Rapids, Minnesota, to discuss the proposed project and procedures for commenting on the partial exemption. Five people signed-in and attended the meeting. The comment period to submit written and/or email comments was open until July 31, 2008.

Public Comment Process

Two comment letters were received by from city of Cohasset officials, both referencing comment's prepared by the attorneys for the city. In the comment letter it states, "...the city of Cohasset has no comment or objection to the routing of the Boswell Pipeline and supports the issuance of a pipeline routing permit." The city also suggests that BEC is subject to the city's franchise requirements.

One comment letter was submitted by Minnesota Power stating, "Minnesota Power believes its Boswell Gas Pipeline application is in full compliance with the Minnesota Public Utilities Commission partial exemption procedures...". Minnesota Power also explains that the pipeline is not being constructed for public use, but for BEC's own private use, and is not subject to the city's franchise requirements.

There has been no public objection over granting partial exemption and issuing a pipeline route permit for the project.

Standards for Permit Issuance

Minnesota Rule 7852.0600 sets standards and criteria outlining the factors to be considered by the Commission in determining whether to grant or deny a partial exemption from pipeline route selection procedures. The Commission considers the characteristics of the project, the potential impacts, methods to minimize or mitigate potential impacts and imposes reasonable conditions in the pipeline route permit intended to best minimize human and environmental impacts.

Record

Documents that are part of the record in this proceeding are located on the Commission's Edocket webpage, <https://www.edockets.state.mn.us/EFiling/search.jsp> (Docket No. 08-586). Staff can make any of these documents available to the Commission upon request.

Staff Analysis and Comments

The OES EFP staff analysis finds that the partial exemption from pipeline route selection procedures has been conducted in accordance with Minnesota Rules 7852.0600 to 7852.1900. Public comments filed have been considered, the information contained in the application is relevant to the criteria for partial exemption in Minnesota Rule 7852.0700, subpart 3. Local franchise requirements are not considered criteria when determining whether to grant a partial exemption from the pipeline route selection procedures. Staff concludes the record supports a determination to grant partial exemption and issue a pipeline route permit as requested by the applicant.

Staff has attached the Findings of Fact, Conclusions of Law, and Order; and a Pipeline Route Permit. The findings indicate that the permitting process has been conducted in accordance with Minnesota Rules 7852.0600, identify route impacts and mitigation measures, and make conclusions of law. The Route Permit includes measures to ensure the pipeline is constructed in a safe, reliable manner and that impacts are minimized or mitigated. The EFP staff made these documents available to the public on September 2, 2008.

Commission Decision Options

- A. Approve and adopt the Findings of Fact, Conclusions of Law, and Order that grant a partial exemption from pipeline route selection procedures and issue a route permit with conditions and specifying the location of the route for the proposed Minnesota Power 6,900 foot, 10.75-inch outside diameter, 974 psig natural gas pipeline that will begin at Great Lakes' existing meter station facility located north of Cohasset and terminate at the BEC plant site in Cohasset, Itasca County, Minnesota.
- B. Approve and adopt the Findings of Fact, Conclusions of Law, and Order while imposing any further permit conditions as deemed appropriate.
- C. Amend the Findings of Fact, Conclusions of Law, and Order and route permit as deemed appropriate.
- D. Deny the request for a partial exemption. Minnesota Power may reapply under the full pipeline route selection process.
- E. Make some other decision deemed more appropriate.

Energy Facility Permitting Staff Recommendation: Staff recommends Option A.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Phyllis Reha	Commissioner
Thomas Pugh	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Application for a Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures for the Boswell Energy Center Pipeline Project

ISSUE DATE:

DOCKET NO. E015/GP-08-586

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER GRANTING PARTIAL EXEMPTION AND ISSUING A PIPELINE ROUTE PERMIT TO MINNESOTA POWER THE BOSWELL ENERGY CENTER NATURAL GAS PIPELINE PROJECT

The above-captioned matter came before the Minnesota Public Utilities Commission (the Commission) on June 26, 2008, acting on an application by Minnesota Power for a route permit and partial exemption to construct, own, and operate a 6,900 foot, 10.75-inch outside diameter natural gas pipeline with a maximum operating pressure of 974 pounds per square inch gauge to serve the Boswell Energy Center located in the city of Cohasset, Itasca County, Minnesota.

A public information meeting was conducted by the Office of Energy Security (OES) Energy Facility Permitting (EFP) staff on July 16, 2008. The public comment period/record closed on July 31, 2008.

STATEMENT OF ISSUE

Should the Commission grant a partial exemption from pipeline route selection procedures and issue a pipeline routing permit for a 6,900 foot, 10.75-inch outside diameter natural gas pipeline with a maximum operating pressure of 974 pounds per square inch gauge to serve the Boswell Energy Center located in the city of Cohasset, Itasca County, Minnesota?

Based upon all of the proceedings herein, the Commission makes the following:

FINDINGS OF FACT

The Applicant

1. The applicant is Minnesota Power. The Boswell Energy Center (BEC) pipeline will be constructed, owned, and operated by Minnesota Power.

The Project

2. The project is a 6,900 foot natural gas pipeline with a maximum outside diameter of 10.75 inches. The pipeline route begins at Great Lakes' existing meter station facility located north of Cohasset and will travel approximately 1,300 feet in a northwesterly direction adjacent to the existing Great Lakes pipelines. The pipeline will then head in a southerly direction and travel approximately 1,400 feet across U.S. Highway 2 and Burlington Northern Santa Fe (BNSF) railroad to the south side of Minnesota Power's existing high voltage electric transmission lines. The pipeline will travel westerly along the south side of the high voltage electric transmission lines for approximately 3,050 feet and then turn south for approximately 1,150 feet to the terminus of the pipeline at the BEC plant site.¹
3. The normal operating pressure of the pipeline and associated facilities will be 900 to 974 pounds per square inch gauge (psig). The maximum allowable operating pressure of the pipeline is 974 psig. The maximum design capacity for the natural gas pipeline and associated facilities is roughly 12,000 million cubic feet per day at 974 psig. The minimum designed capacity is 0.0 million cubic feet per day.
4. The primary purpose of the pipeline is to provide a source of natural gas to the BEC, a low-sulfur, sub-bituminous coal-fired electric generating station comprised of four coal (sub-bituminous) fired units (units) equipped with fuel oil igniters. The existing fuel oil igniter configuration requires the exhaust gases from units 1 and 2 to bypass the fabric filter particulate control system during start-up to avoid fouling the fabric filters, thereby creating opacity issues. Separate to the pipeline project, Minnesota Power plans to install natural gas igniters in place of the existing fuel oil igniters on all four units. Installation of the pipeline will allow for future use of natural gas for the new igniters, thereby eliminating the present opacity issues attributed to the existing fuel oil igniters at the BEC.
5. Minnesota Power intends on installing associated facilities as part of the pipeline project. Facilities include two 200 foot by 200 foot fenced-in and graveled areas located at each end of the pipeline. Above ground appurtenances (launcher and receiver) will be installed at each end of the pipeline to accommodate the passage of in-line inspection tools. A cathodic protection system to prevent corrosion of the pipeline will be installed.

¹ See Map 3, Project Location Map in Appendix A of the Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, June 2008.

Due to proximity to high voltage electric lines, alternating current mitigation procedures will be permanently installed, as warranted. An electrically generated natural gas odorization system will be installed at the fenced gas delivery station.

6. The total estimated cost of the pipeline project is \$2.5 million. Construction has been targeted to begin as soon as September 1, 2008, with a planned in-service date of December 31, 2008.
7. Additional project details, route details, and safety features of the pipeline and route are provided in the Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, June 2008.

Procedural History

8. Pursuant to Minnesota Statute 216G.02, "A person may not construct a pipeline without a pipeline routing permit issued by the Public Utilities Commission...". In this case a pipeline is defined as, "...A pipe designed to be operated at a pressure of more than 275 pounds per square inch and to carry gas." (Minnesota Statute 216G.02, subdivision 1(2)). The maximum allowable operating pressure for this pipeline would be 974 psig. The project does not meet the definition of a large energy facility promulgated in Minnesota Statute 216B.2421, subdivision 2, paragraph 4 and 5; therefore, a certificate of need is not required.
9. A pipeline route permit and partial exemption application was filed by Minnesota Power on June 5, 2008, for the 6,900 foot preferred pipeline route in accordance with Minnesota Rule 7852.0600, subpart 1 and 7852.2000.
10. Partial exemption from pipeline route selection procedures are promulgated in Minnesota Rule, chapters 7852.0600 and 7852.0700.
11. The OES EFP staff conducted a completeness review of the Minnesota Power BEC natural gas pipeline routing permit and partial exemption application. The staff concluded that the applicant had complied with the application procedures of Minnesota Rule 7852.0600, subpart 1 and 7852.2000 and that the application contained all the information identified in Minnesota Rule 7852.0600, subpart 1 and 7852.2100 to 7852.3000. On June 26, 2008, staff recommended that the Commission accept the application as complete in comments and recommendations of the same date.
12. The Commission accepted the application as complete in an Order set-down on June 30, 2008.

13. A notice that included a description of the project, a map of the route, the date of public information meeting, and comment period was published in the *Grand Rapids Herald-Review* on July 9, 2008, and was sent via mail/certified mail along with a copy of the route application in accordance with Minnesota Rules 7852.0600, subpart 2 and 7852.2000, subpart 6.
14. Pursuant to Minnesota Rule 7852.0600, subpart 4, EFP staff held a public information meeting on July 16, 2008, in Grand Rapids, Minnesota, to discuss the project and procedures for commenting on the partial exemption. Five people signed-in and attended the meeting. The comment period to submit written and/or email comments was open until July 31, 2008.
15. A total of three comment letters were received by EFP staff. Two comment letters were submitted by city of Cohasset officials and both referenced the city's comment letter prepared by McGrann Shea Anderson Carnival Straughn and Lamb, Chartered, attorneys for the city of Cohasset.
16. The comment letter from the city states, "...the city of Cohasset has no comment or objection to the routing of the Boswell Pipeline and supports the issuance of a pipeline routing permit." The comment letter also explains that the city reserves the right to object to the operation of the BEC pipeline if permitted, and reserves the right to subject the BEC pipeline to city franchise requirements.
17. The third comment letter was a reply to the city of Cohasset's letter and was submitted by Minnesota Power, respectfully disagreeing with the city of Cohasset's claim that the BEC pipeline project is subject to local franchise requirements. Minnesota Power asserts in the letter that the franchise case law cited in the city's letter refer to public utilities or corporations furnishing utilities for public use; and goes on to state that the BEC pipeline is being constructed for BEC's own private use.
18. Based on the three comment letters, EFP staff concludes that the franchise assertion supplied in comment by the city of Cohasset is not applicable and independent to the partial exemption pipeline routing procedures. Local franchise requirements are not considered criteria used by the Commission in determining whether to grant a partial exemption from the pipeline route selection procedures.

Land Requirements

19. Minnesota Rule 7852.0100, subpart 31, defines "route" as, "...the proposed location of a pipeline between two endpoints. A route may have a variable width from the minimum required for the pipeline right-of-way up to 1.25 miles." The route is a variable-width 500 to 750 foot route, allowing for sufficient flexibility in determining centerline and construction right-of-way during final pipeline design, landowner negotiations, and in-field routing decisions.

20. The total right-of-way length is approximately 6,900 feet, translating to 16.47 acres of land. The 75-foot construction right-of-way will be used to facilitate safe construction. The construction right-of-way consists of a 50-foot permanent right-of-way and a 25-foot temporary right-of-way resulting in 7.92 acres of permanent right-of-way and 3.96 acres of temporary right-of-way. A permanent 50-foot right-of-way will be maintained throughout the operation and maintenance of the project. The 25-foot temporary right-of-way will be allowed to revert back to its previous natural condition. Approximately twelve 50 foot wide by 200 foot long extra temporary workspaces may be required at the beginning and end of the project (wetland approaches, 3rd Street North/CSAH 87, foreign pipeline crossings, and each side of the BNSF railroad/U.S. Highway 2 crossing), resulting in 2.75 acres that will be allowed to revert back to its previous natural condition upon completion of the project. One 200 foot by 200 foot fenced-in facility will be constructed adjacent to Great Lakes' existing Coahsset Meter Station and a second 200 foot by 200 foot fenced-in facility at the terminus of the pipeline on BEC property. The total land required for the two facilities is approximately 1.84 acres.
21. Prior to the commencement of any construction activities, Minnesota Power will coordinate closely with all affected landowners to obtain the necessary easements and temporary workspace agreements. In addition, Minnesota Power will provide all affected landowners with complete information about the project, keeping them informed throughout the initial survey, right-of-way acquisition, right-of-way preparation, construction, restoration, and future operation and maintenance.
22. Clearing and grading of the right-of-way will commence after the centerline survey and staking has been completed. Right-of-way clearing will be completed in accordance with all applicable permits and previously obtained landowner agreements. Clearing of vegetation and obstacles will be limited to the extent of the defined 75-foot right-of-way. Debris created by clearing will be disposed of at a licensed facility. Tree stumps will be removed at the landowner's request or when necessitated due to trench location. Temporary gates will be installed as needed to prohibit public access to the right-of-way during construction.

Trench and Depth of Cover Requirements

23. Preceding any trenching or grading activities, Minnesota Gopher State One-Call will be notified to ensure demarcation and potholing of utilities located within the project area. The trench will be excavated to a depth that sufficiently allows for at least three feet (36 inches) of backfill from ground surface to the top of pipeline (49 CFR 192.37) and at least four and one-half feet (54 inches) of backfill from ground surface to top of pipeline when the pipeline crosses the right-of-way of any public drainage facility or any county, town or municipal street or highway and where the pipeline crosses cultivated agricultural land (Minnesota Statute 216G.07, subdivision 1). The trench will be approximately 12 feet wide at ground surface and two feet wide at the bottom of the trench.

In areas where rock is encountered during trenching, padding material such as fine grained sand, soil, or gravel will be placed at the bottom of the trench to protect the pipeline during backfill.²

24. Minnesota Power will implement double ditching as a means to minimize mixing of topsoil and subsoil during excavation of the trench for the pipe. Double ditching is a technique whereby the topsoil and the sub soils are placed in separate areas. Double ditching is a requirement in the pipeline routing permit. Other techniques can be investigated with the landowner at the time construction is to take place.
25. Where the pipeline right-of-way crosses roads and railroads soil boring techniques (e.g. horizontal directional drilling) will be used to avoid disruption to traffic and railroads.
26. The trench may need to be dewatered during periods of excessive precipitation or in areas where the natural groundwater table intersects the pipeline trench. The trench will not be dewatered into wetlands or water bodies. Dewatering discharges will be directed toward well vegetated upland areas. Should discharge activities need to be directed off the right-of-way, landowner consent will be obtained and locations will be chosen to minimize impacts. All discharge activities will comply with applicable agency permits or approvals.

Agriculture Mitigation Plan

27. The project will not impact cultivated agricultural land, therefore an agricultural mitigation plan is not required (Minnesota Statute 216E.10, subdivision 3(b)).

Pipeline Safety

28. Minnesota Power will operate the BEC pipeline under the jurisdiction of the U.S. Department of Transportation, the Pipeline and Hazardous Materials Safety Administration, the Minnesota Public Utilities Commission, and the Minnesota Office of Pipeline Safety. The Minimum Federal Safety Standards for Transportation of Natural and Other Gas by Pipeline (Title 49 CFR Part 192) will be strictly adhered to as summarized in the application³ and identified in these findings.
29. The Minnesota Office of Pipeline Safety is responsible for enforcement of the pipeline safety standards. The Office of Pipeline Safety will monitor construction of the pipeline for compliance with the standards. The Office of Pipeline Safety also has an ongoing responsibility for monitoring the BEC pipeline facilities for compliance with the safety standards.

² See Figures 1 to 4, in Appendix B of the Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, June 2008.

³ Section 9, Operation and Maintenance, page 31 of the Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, June 2008.

Alternatives to the Proposed Pipeline Route

30. In addition to the preferred pipeline alignment, Minnesota Power evaluated two alternative pipeline alignments and a no action alternative. Minnesota Power rejected the proposed alternatives in favor of the preferred pipeline alignment, as the alternatives would have paralleled less existing utility rights-of-way; thereby creating more new utility and/or road rights-of-way. The other alternatives would also induce more and greater impacts to residential and business properties in the area. Although the alternatives cross less wetland than the preferred; Minnesota Power considered the length of pipeline that would parallel existing utility rights-of-way, and at the same time minimizing the length of pipeline that would parallel roads and create new rights-of-way. The no action alternative involves not constructing the pipeline; thereby eliminating any potential impacts. The no action alternative would not satisfy the need to provide natural gas to the four existing units at BEC and the current opacity issues with units 1 and 2 would continue.

Standard and Criteria for Partial Exemption

31. In deciding whether to grant or deny a partial exemption from pipeline route selection procedures, the Commission must determine that the pipeline project will not have a significant impact on humans or the environment. The Commission must consider the impact of the pipeline project on the criteria set forth in Minnesota Rule 7852.0700, subpart 3.

A. Impact on human settlement, existence and density of populated areas, existing and planned future land use, and management plans

32. The pipeline will be constructed in an area that lies between Minnesota forest and an urban/industrial sector of Cohasset. The project area is bisected by U.S. Highway 2, the actively used BNSF railroad track, existing underground natural gas and oil pipelines, and numerous high voltage transmission lines. The large industrial setting of BEC borders the west end of the pipeline project.

33. The pipeline right-of-way crosses through the land of five separately owned properties. One of the properties is an occupied residential property, two are active industrial/commercial properties, and the remaining two are owned, but unoccupied land. The land within the permanent and temporary rights-of-way and extra temporary workspaces will be subjected to short-term impacts for the duration of the construction. The primary and permanent impact to these areas will be removal of trees and shrubs in the permanent pipeline right-of-way. The temporary right-of-way and extra workspaces will be allowed to regenerate over time. No significant long-term impacts to property or residences are anticipated as a result of this project.

34. Future development along the pipeline right-of-way is regulated by Minnesota Pipeline Setback Ordinance (Minnesota Statute 299J.05). The ordinance requires that no development occur within the permanent right-of-way and that the pipeline alignment is not in conflict with any existing or planned residential, commercial or industrial development in the area.
35. Where the pipeline right-of-way crosses existing roads and railroads, the pipeline will be installed beneath such features using horizontal directional drilling (HDD) techniques. This construction method will minimize any traffic interruptions and prevent disturbances to road and rail surfaces. Should boring or directional drilling techniques be unsuccessful, the features may be crossed by open-cut construction methods. Traffic disruptions would be minimized by maintaining one open lane to traffic except when trenching and backfilling are occurring.
36. Transportation of equipment and materials to the pipeline right-of-way areas may result in minimum short-term impacts to traffic in the area. Access to the residential property will not be affected by the project. There may be short-term impacts to traffic along Pincherry Road resulting from increased construction vehicular traffic and vehicle/equipment access to the construction right-of-way from the road. The applicant will obtain all necessary permits for road, railroad, and foreign pipeline right-of-way crossings.
37. There will not be any new compression facilities included with the project; therefore, noise and exhaust associated with compressor stations will not be an issue. Individuals in the immediate vicinity of construction of the project would experience a local, temporary increase in noise levels from construction-related activities and equipment use. Noise emanating from construction equipment along the pipeline right-of-way will only occur during daytime hours. Long-term noise impacts resulting from operation of a natural gas pipeline is generally negligible.
38. During construction, there will be short-term and intermittent fugitive emissions impacts in the direct vicinity of the construction right-of-way. Individuals in the immediate vicinity of construction of the project would experience an increase of fugitive dust and emissions generated by soil disruption by activities such as grading, trenching, backfilling, and vehicle/equipment traffic. If necessary, water will be applied to upland or dry portions of the area to minimize fugitive dust created by construction activities.
39. The pipeline right-of-way alignment will not significantly affect human settlement areas, planned future land uses, or any local management plans. Minnesota Power will coordinate closely with landowners to obtain the necessary easements and temporary workspace agreements.

B. Impact on the natural environment, public and designated lands, including but not limited to natural areas, wildlife habitat, water, and recreational lands.

40. Impacts to vegetation will occur along the pipeline construction right-of-way and temporary work spaces. Tress and shrubs located within the permanent right-of-way (50 feet wide) will be cleared and maintained once every three to five years throughout the life of the pipeline. Vegetation within the temporary right-of-way will be allowed to reestablish to pre-construction conditions to the extent possible by applying seed, mulch, fertilizer mixtures specified by permit conditions, land management agencies, and/or landowners.
41. The pipeline right-of-way crosses privately owned lands in a secondary growth forest setting, impacts to old growth forest and federal-/state-managed timber is not anticipated.
42. Vegetation clearing of the pipeline right-of-way during construction activities will result in temporary impacts to wildlife due to short-term reduction of habitat. Displaced wildlife will likely colonize nearby areas and/or reestablish the original habitat after construction is complete and the project area is restored. Long-term impacts to wildlife would be limited to temporary disturbance every three to five years due to vegetation clearing in the permanent pipeline right-of-way.
43. Construction and maintenance of the pipeline project will not significantly alter the character of the area landscape. Effects to wildlife will be short-term and disturbed habitat will generally revert to pre-construction conditions.
44. The Canada lynx, a federally threatened species has been confirmed to be present within Itasca County. The project area; however, is not located in the area designated by the U.S. Fish and Wildlife Service (USFWS) as critical habitat for the Canada lynx. Minnesota Power is consulting with the USFWS, and anticipates concurrence that the project will not likely adversely affect the Canada lynx.
45. The Minnesota Department of Natural Resources (DNR), in a letter dated May 12, 2008, indicated rare features are within the vicinity of the project. However, given the nature and location of the project, the DNR does not believe the project will negatively affect any known occurrences of the rare features.
46. The pipeline right-of-way will not cross any city, county or state-owned park or other designated land/recreational area. Minnesota Power owns and maintains Blackwater Park, located south of 3rd Street North/CSAH 87 and directly east of the route.
47. The pipeline right-of-way will not cross any surface waters, intermittent or perennial surface flows, and no impacts to the Mississippi River watershed are anticipated. Minnesota Power will consult with the Mississippi Headwaters Board regarding its land use plan.

48. A wetland delineation of the project area performed by the applicant indicated the pipeline right-of-way traverses three wetland types classified as palustrine emergent, palustrine scrub-shrub, and palustrine forested. Approximately 2,775 feet of the 6,900 feet or 40 % of pipeline right-of-way crosses wetlands totaling approximately 4.78 acres of wetland.
49. None of wetlands located within the pipeline right-of-way are listed on the DNRs Public Water Inventory.
50. Impacts to wetlands in the pipeline right-of-way may result in minor short-term disturbances to wetlands in the following manners: loss of wetland vegetation, wildlife habitat and aesthetics associated with clearing and other construction activities; soil disturbance associated with trenching, equipment traffic and the limited pulling of stumps; and temporary increases in turbidity and fluctuations in wetland hydrology associated with trenching, equipment traffic and spoil storage. Wetlands will not be drained or permanently filled during construction or restoration.
51. Timber riprap and/ or erosion control mats may be used to minimize construction impacts (rutting and saturated areas), and to create a stable working surface, if necessary. Sediment barriers may be used where the pipeline right-of-way slopes toward a wetland area to prevent sedimentation of the wetland. Where dewatering of the trench becomes necessary, the silted discharge water will be prevented from entering the wetland through use of filter bags or straw bale structures.
52. All permits and approvals for construction activities in wetlands will be obtained as necessary from the Itasca County Soil and Water Conservation District, the DNR, and the U.S. Army Corps of Engineers.
53. Restoration of the wetlands will be performed in accordance with permit requirements and landowner agreements, upon completion of construction. The maintained permanent right-of-way will be allowed to reestablish as emergent wetlands. Temporary construction right-of-way areas in the wetlands will be allowed to revert to natural pre-construction conditions.
54. No net loss of wetland is anticipated from pipeline construction activities or future operation and maintenance.

C. Impact on lands of historical, archaeological, and cultural significance.

55. A literature review of existing information on cultural or archaeological resources potentially located within the project area was completed by Minnesota Power. The study area included a one mile buffer around the project area that also included the alternative routes considered. Files located at the Minnesota State Historic Preservation Office (SHPO) were reviewed and 11 archaeological sites have previously been recorded, all of which are concentrated along the Mississippi River and associated lakes, well south of the project area.

56. Four buildings located in the city of Cohasset were inventoried by the Minnesota Historical Society in 1980, but none have been added to the National Register of Historic Places. The buildings are not located within or near the project area.
57. A total of four known archaeological surveys have been conducted that have included portions of the project area. The results of all four surveys have been negative for the project area and the potential for undiscovered cultural resources along the pipeline right-of-way is low.⁴
58. The pipeline will not adversely affect nearby historical, archaeological or cultural resources. Although no impacts on such resources are anticipated, the pipeline routing permit addresses preservation of archeological sites should any be discovered during construction.

D. Impact on economies within the route, including agricultural, commercial or industrial, forestry, recreational, and mining operations.

59. The pipeline route is located on the northern and western edge of the city of Cohasset outside of the central business district. The route crosses four land use types; forested (25.4 percent), industrial/commercial (30.4 percent), residential (1.5 percent), and undeveloped non-forested or wetland areas (42.7 percent).
60. In general the project area is located in a transition zone between forested area and the city of Cohasset's expanding urban/industrial areas. The area has been previously disturbed by municipal growth and infrastructure development activities.
61. The pipeline route does not cross any actively cultivated agricultural lands, recreational property, timber harvesting or mining operations.
62. The pipeline route crosses the existing BNSF railroad, U.S. Highway 2, and Pincherry Road. It is anticipated that impacts will be minimized by using boring and/or HDD methods to cross and construct the pipeline beneath these features. Impacts to local traffic patterns will be minimal and short-term.
63. The influx of project labor workforce during construction activities will benefit the local economy by way of material expenditures, lodging, fuel sales, grocery sales, and restaurant expenditures. Local benefits may also include easement payments, permit fees, and property tax revenues.
64. Pipeline routing permit conditions and construction specifications specifically address soil compaction, erosion control and right-of-way restoration. In addition, Minnesota Power will continue to work with state, regional, county and local units of government throughout the process to discuss any particular concerns that may arise.

⁴ See Appendix D of the Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, June 2008.

E. Impact on pipeline cost and accessibility.

65. Minnesota Power has estimated that the pipeline will cost approximately \$2.5 million to construct.
66. The location of the pipeline may limit accessibility during the construction phase and would be minimal and temporary in nature.
67. The anticipated construction start date is September 1, 2008, with a planned in-service date of December 31, 2008.

F. Impact on use of existing rights-of-way and right-of-way sharing or paralleling.

68. The pipeline route parallels the existing Great Lakes natural gas pipeline right-of-way and Minnesota Power's high voltage transmission line right-of-way for 4,350 feet of the 6,900 total feet or (63 percent). Construction of the pipeline will not impact the existing utility rights-of-way.
69. Construction of the pipeline will generally require a 25-foot-wide temporary construction right-of-way when trenching to allow for temporary storage of topsoil and spoil to accommodate safe operation of construction equipment.
70. During construction, Minnesota Power may acquire twelve 50 foot wide by 200 foot long temporary workspace areas for pipe, materials, construction staging, equipment storage, HDD boring locations, and parking. Temporary work spaces adjacent to the construction right-of-way may be necessary during construction in areas such as steep slopes and staging areas for stream, wetland and road crossing, for safety reasons, to provide an area for prefabrication of sections of pipeline or storage of spoil material and directional drilling. In all cases, the size of extra work space will be kept to the minimum required to safely conduct work. Temporary right-of-way will revert to landowners upon completion of construction. The use of temporary work spaces outside the 75-foot permanent right-of-way (50 feet) and temporary right-of-way (25 feet) are not regulated by the pipeline route permit.
71. Typically, public roads will be used to gain access to the construction right-of-way. In areas where public roads are limited, and to minimize repeated travel on portions of the right-of-way, existing privately owned roads might be used to provide access to the construction right-of-way. Use of private access roads and construction of any new access roads would require obtaining landowner permission. No private or new access roads have been identified at this time.

72. Traffic flows will temporarily increase during the construction period due to materials, equipment and laborer movements where roadways are crossed. Measures will be implemented to minimize disruption to traffic and to protect the public. Access to the right-of-way will be properly coordinated with county and city officials and affected property owners.
73. Damage to surfaced roadways resulting from the crossing of construction equipment will be minimized by the use of protective planking or other appropriate material. Any road damages will be repaired to the satisfaction of the landowner or appropriate permitting authority.
74. Prior to the commencement of any construction activities, Minnesota Power will coordinate closely with all affected landowners to obtain the necessary easements and temporary workspace agreements. In addition, Minnesota Power will provide all affected landowners with complete information about the project, keeping them informed throughout the initial survey, right-of-way acquisition, right-of-way preparation, construction, restoration, and operation and maintenance.
75. Clearing and grading of the right-of-way will commence after the centerline survey and staking has been completed. Right-of-way clearing will be completed in accordance with all applicable permits and the previously obtained landowner agreements. Clearing of vegetation and obstacles will be limited to the extent of the defined 75-foot right-of-way and 50 foot wide by 200 foot long extra temporary workspaces. Debris created by clearing will be disposed of at a licensed facility. Tree stumps will be removed at the landowner's request or when necessitated due to trench location. Temporary gates will be installed as needed to prohibit public access to the right-of-way during construction.

G. Impact on natural resources and features.

76. Construction of the pipeline may cause minor and short term groundwater fluctuations in areas immediately surrounding the trench. The depth of the pipeline trench will likely be no deeper than approximately 65 inches deep and will not intersect any aquifers utilized for drinking water. Impacts to groundwater resources are not anticipated.
77. There is always a potential for accidental spills or leaks from construction equipment that may contaminate soil or groundwater. Prior to construction, a spill prevention containment and countermeasure plan will be developed and implemented during construction to manage equipment spills or leaks should they occur.
78. The pipeline route does not cross any city, county or state-owned parks/lands. Minnesota Power owns and maintains Blackwater Park, located south of 3rd Street North/CSAH 87 and directly east of the route. The pipeline right-of-way crosses privately owned lands in a secondary growth forest setting, impacts to old growth forest and federal-/state-managed timber is not anticipated.

79. Potential temporary impacts to soils resulting from construction include erosion, compaction, mixing of soil horizons, and poor revegetation following construction. Any adverse impacts to soils will be minimized by implementing Best Management Practices. In addition, erosion control plans will be developed in accordance with the Minnesota Pollution Control Agency (MPCA), National Pollution Discharge Elimination System (NPDES) Construction Storm Water Discharge Permit. Erosion controls may include mulching, slope breakers, and silt fence.
 80. Following construction, the project area will be monitored in accordance with the NPDES Construction Storm Water Discharge Permit and Storm Water Pollution Prevention Plan until vegetation is reestablished and the project area has stabilized.
 81. Minnesota Power will implement double ditching as a means to minimize mixing of topsoil and subsoil during excavation of the trench for the pipe, as identified in Finding No. 23.
 82. Immediately following construction, disturbed areas will be restored to the original contours. Application of seed, fertilizer and mulch will commence in accordance with all existing permit requirement and landowner agreements.
 83. Inspectors may be used to ensure contractor compliance with soil erosion and reclamation procedures.
 84. The pipeline right-of-way will not cross any surface waters, intermittent or perennial surface flows. The pipeline will cross approximately 2,775 feet of wetland area; however, no net loss of wetland is anticipated from pipeline construction activities or future operation and maintenance.
- 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 7852.3400 for pipeline right-of-way preparation, construction, cleanup, and restoration practices.**
85. Human and environmental impacts will occur as a result of pipeline construction. Many of the impacts associated with pipeline construction will cause only minor and temporary disturbance or disruption. Many of the impacts will be mitigated through compliance with regulatory control, strict adherence to the construction specifications, compliance with the pipeline routing permit conditions. Permits from other federal and state agencies and units of government are also designed to reduce or mitigate the impact of pipeline construction.

86. Following completion of construction operations, the right-of-way and all premises on which construction activities were conducted will be cleaned up and restored to pre-construction conditions to the extent practicable. This will include removal of debris, fence repair, removal of temporary road and ditch crossings, additional grading to correct for soil settling, and seeding of the right-of-way as required route permit conditions and other federal and state agency permits.

I. Impact on cumulative potential effect of related or anticipated future pipeline construction.

87. There is no evidence in the record to indicate that cumulative adverse effects will occur that cannot be mitigated by compliance with appropriate permitting requirements and conditions. Compliance with applicable permits, regulations and agreements and strict adherence to the construction specifications will reduce the adverse effects of the project.

88. The capacity of the pipeline is believed to be adequate to serve the foreseeable future needs of the BEC in Cohasset, Minnesota. Future project expansion will require review pursuant to the applicable statutes and rules.

J. Impact on 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.

89. There is no evidence in the record indicating that the pipeline would be inconsistent with any relevant policies, rules and regulations of any known state or federal agencies or local land use laws.

90. A list of the known permits that must be obtained were provided by Minnesota Power in the route permit application.

91. All appropriate permits will be acquired by Minnesota Power prior to undertaking the activity for which a permit is required. Minnesota Power must comply with the terms and conditions of all required permits.

92. Minnesota Rule 7852.3700, and the pipeline routing permit provide a procedure to report complaints concerning violation of the pipeline routing rule requirements and pipeline routing permit conditions.

93. Minnesota Rule 7852.3800, provides procedures for permit modification or suspension for violation of the terms and conditions of a pipeline routing permit or of Minnesota Rules 7852.0100 to 7852.4100.

Based on the foregoing Findings of Fact, the Commission makes the following:

CONCLUSIONS OF LAW

1. Any of the foregoing Findings of Fact more properly designated as Conclusions are hereby adopted as such.
2. The Commission has jurisdiction over the subject matter of this proceeding pursuant to Minnesota Statute 216G.02.
3. The project qualifies for review under the partial exemption process of Minnesota Statute 216G.02 and Minnesota Rule 7852.0600.
4. The applicant, the OES, and the Commission have complied with the procedural requirements for a partial exemption from pipeline route selection procedures as set forth in Minnesota Rule 7852.0600, including publication of application notice in a newspaper in the county where the pipeline will be located, and mailing the notice and application to required parties, including affected landowners, and holding a public information meeting and comment period.
5. The Commission has considered all the pertinent standards and criteria in accordance with Minnesota Rule 7852.0700 relative to its determination for a partial exemption from pipeline route selection procedures and issuance of a pipeline routing permit.
6. The Commission concludes that a route permit for the new pipeline should be conditioned in a number of respects, including imposition of those conditions specified in Minnesota Rules 7852.3600 and conditions agreed to by the applicant.

Based on the Findings of Fact and Conclusions contained herein and the entire record of this proceeding, the Minnesota Public Utilities Commission hereby makes the following:

ORDER

1. The Minnesota Public Utilities Commission hereby grants Minnesota Power a partial exemption from the pipeline route selection procedures of Minnesota Rule, chapter 7852.
2. The Minnesota Public Utilities Commission hereby issues a pipeline routing permit to Minnesota Power for construction of approximately 6,900 feet of natural gas pipeline and associated facilities along the route described in Conclusion No. 5. The pipeline routing permit shall be issued in the form attached hereto with a map showing the approved route, including the description of the route with a variable width of 500 to 750 feet, and the inclusion of conditions.

BY ORDER OF THE COMMISSION

Burl W. Haar,
Executive Secretary

**ROUTE PERMIT
FOR A
NATURAL GAS PIPELINE**

IN

ITASCA COUNTY

**ISSUED TO
MINNESOTA POWER**

DOCKET No. E015/GP-08-586

In accordance with the requirements of Minnesota Statutes 216G.02 and Minnesota Rules, chapter 7852, this pipeline route permit is hereby issued to:

Minnesota Power

Minnesota Power is authorized by this pipeline route permit to construct and operate approximately 6,900 feet of new 10.75 inch outside diameter natural gas pipeline with a maximum operating pressure of 974 pounds per square inch gauge and associated facilities from the existing Great Lakes Meter Station to the Boswell Energy Center in Itasca County.

The pipeline shall be constructed within the route identified in this permit and as portrayed on the attached official route map, and in compliance with the conditions specified in this permit.

Approved and adopted this ____ day of September, 2008
BY ORDER OF THE COMMISSION

Burl W. Haar,
Executive Secretary

I. ROUTE PERMIT

The Minnesota Public Utilities Commission (the Commission) hereby issues this pipeline route permit to Minnesota Power (permittee) pursuant to Minnesota Statutes, section 216G.02 and Minnesota Rules, chapter 7852 to construct and operate a new 6,900 foot 10.75 inch outside diameter natural gas pipeline with a maximum allowable operating pressure of 974 pounds per square inch gauge (psig) and associated facilities from an interconnection with Great Lakes' existing meter station north of Cohasset, Minnesota to the Minnesota Power Boswell Energy Center (BEC) west of Cohasset, along the route designated in this permit.

II. PROJECT DESCRIPTION

The pipeline project is located in the city of Cohasset in Itasca County, Minnesota (Sections 3, 4, and 9, Township 55 North, Range 26). The natural gas pipeline authorized to be constructed by this permit consists of approximately 6,900 feet of new 10.75 inch outside diameter steel pipe to transport natural gas. The natural gas pipeline and associated facilities are designed to have a maximum capacity of 12,000 million cubic feet per day at 974 psig. The minimum throughput design is 0.0 million cubic feet per day. The operating pressure of the pipeline and associated facilities will range from 900 psig to a maximum of 974 psig. The pipeline is more specifically described in the Minnesota Power Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, dated June 2008.

III. DESIGNATED ROUTE/SITE

The pipeline route designated by the Commission in this permit is described as follows:

Beginning from the north terminus of the project at the Great Lakes Meter Station, the pipeline will be installed primarily using open-trench construction heading 1,300 feet in a northwesterly direction. The pipeline would then veer in a southerly direction and travel approximately 1,400 feet beneath U.S. Highway 2 and the Burlington Northern Santa Fe railroad to the south side of Minnesota Power's existing high voltage electric transmission lines rights-of-way. The pipeline would travel westerly along the south side of the high voltage electric transmission lines for approximately 3,050 feet turning south for approximately 1,150 feet to the terminus of the pipeline at the BEC plant site. Where the route encounters Pincherry Road, U.S. Highway 2, and the Burlington Northern Santa Fe railroad the pipeline will be maneuvered beneath these features using horizontal directional drill technology or conventional boring methods.

The permittee authorized route is shown on the map attached hereto as Map 3, filed with the Commission that are a part of the permittee's application for a pipeline route permit and administrative record in this proceeding.

IV. LAND REQUIREMENTS

The maximum width of the approved route in which the final right-of-way alignment may be placed will be limited to the hatched area of 500 feet to 750 feet depicted in the attached Map 3 – Project Location Map. The 500 foot route width will begin at the northern terminus of the project (Great Lakes Meter Station) and continue along the route at this width for approximately 5,750 feet to the last angle point in the route (west-southwest to south) near the existing BEC contractor parking area. The route width at this point would expand to a 750 foot route width and continue approximately 1,150 feet south to the southern terminus of the project at BEC. Designating a variable route width of 500 to 750 feet will give the permittee sufficient flexibility to adjust the designated centerline and construction right-of-way during final pipeline design to accommodate requests by landowners to avoid certain areas, and also to minimize or prevent the impact of construction on natural resources and other features as identified in Minnesota Rule 7852.0700, subpart 3.

Estimates of land use requirements are provided as follows:

A. Permanent right-of-way length, average width, and estimated acreage:

1. The total permanent right-of-way length is approximately 6,900 feet. The permanent right-of-way width will be a maximum of 50 feet. The estimated acreage of the permanent right-of-way is 7.92 acres.
2. Additional right-of-way in the form of road crossing permits will be needed from the Minnesota Department of Transportation and county/local governments for the U.S. Highway 2 and Pincherry Road crossings.

B. Temporary right-of-way length, estimated width, and estimated acreage:

The total temporary right-of-way length is approximately 6,900 feet. The temporary right-of-way width will be a maximum of 25 feet and directly adjacent to the 50 foot permanent right-of-way. The estimated acreage of the temporary right-of-way is 3.96 acres.

C. Associates above ground facilities, estimated area, and estimated acreage:

One 200 foot by 200 foot fenced-in facility will be constructed adjacent to the existing Great Lakes Meter Station, and a second 200 foot by 200 foot fenced-in facility at the terminus of the pipeline on BEC property. The total land required for the two facilities is approximately 1.84 acres. Following completion of the project the areas will be maintained as fenced and graveled facilities for the life of the project.

D. Temporary workspace length, estimated width, and estimated acreage:

The permittee may obtain permission from landowners adjacent to the permanent and temporary rights-of-way for the additional temporary workspace as identified in its pipeline routing permit application.

The permittee estimates a total of twelve temporary workspaces approximately 50 feet wide by 200 feet in length will be needed at the beginning and end of the project for construction activities including, but not limited to, staging equipment and stockpiling spoil material to facilitate construction of the pipeline. The estimated acreage of the temporary workspaces is 2.75 acres. The use of temporary work spaces outside the 75-foot permanent and temporary right-of-way are not regulated by this pipeline route permit.

E. Estimated range of minimum trench or ditch dimensions including bottom width, top width, depth, and cubic yards of dirt excavated:

1. Estimated trench bottom width – 24 inches.
2. Estimated trench depth – The trench will be excavated to a depth that sufficiently allows for at least 36 inches of backfill from ground surface to the top of pipeline (49 CFR 192.37) and at least 54 inches of backfill from ground surface to top of pipeline when the pipeline crosses the right-of-way of any public drainage facility or any county, town or municipal street or highway and where the pipeline crosses cultivated agricultural land (Minnesota Statute 216G.07, subdivision 1).
3. Estimated top of trench width – 12 feet.
4. Estimated soil excavated – 6,100 cubic yards.

V. PERMIT DISTRIBUTION

The permittee shall, within 10 days of receipt of this pipeline route permit from the Commission, send a copy of the permit to the office of each regional development commission of a development region, soil and water conservation district, watershed district, watershed management district, office of the auditor of each county, and the clerk of each city and township crossed by the designated route. The permittee shall provide a copy of this pipeline route permit to the landowners before construction on the affected landowner's property at least five days before commencing construction. (Minnesota Rule 7852.3200, subpart 2).

VI. PERMIT AMENDMENTS

Following issuance of the pipeline route permit, the permittee may apply to the Commission for amendments on route location and conditions specified in this permit in accordance with Minnesota Rule 7852.3400.

VII. RIGHT-OF-WAY PLAN AND PROFILE CONSTRUCTION SPECIFICATIONS

Upon issuance of this pipeline routing permit, the permittee shall provide the Commission with a plan and profile of the right-of-way including specifications and drawings for right-of-way preparation, construction, and restoration at least 14 days prior to any right-of-way preparation.

The permittee may not commence construction until the 14 days has expired or until the Commission has advised the permittee that review of the plan and profile and specifications and drawings has been completed. If the permittee makes any significant change in its plan and profile and/or the specifications and drawings for right-of-way preparation, construction, and restoration after Commission review, the permittee shall notify the Commission in writing of the changes at least five days before implementing the changes. The permittee shall also provide the Minnesota Office of Pipeline Safety with the same information provided to the Commission. The permittee's plan and profile and specifications and drawings, shall become a condition of this permit and shall be complied with by the permittee (Minnesota Rule 7852.3500).

VIII. PERMIT CONDITIONS

The following conditions apply to pipeline right-of-way preparation, construction, cleanup, and restoration (Minnesota Rule 7852.3600). The permittee shall comply with the following conditions during construction of the pipeline and associated facilities and for the life of this permit.

A. FIELD REPRESENTATIVE

At least 10 days prior to commencing construction, the permittee shall advise the Commission in writing of the person or persons designated to be the field representative for the permittee with the responsibility to oversee compliance with the conditions of this permit during construction. The field representative's address, phone number, and emergency phone number shall be provided to the Commission and shall be made available to affected landowners, residents, public officials and other interested persons. The permittee may change its field representative at any time upon written notice to the Commission.

B. APPLICATION

The permittee shall follow those specific construction practices and material specifications described in the Minnesota Power Application to the Minnesota Public Utilities Commission for a Gas Pipeline Routing Permit and Partial Exemption of Pipeline Route Selection Procedures, dated June 2008, unless this permit establishes a different requirement, in which case this permit shall prevail.

C. CONSTRUCTION PRACTICES

The permittee shall comply with the practices set forth in its pipeline routing permit application, the Findings of Fact, Conclusions of Law, and Order, and this permit for right-of-way preparation, construction, cleanup and restoration for the new pipeline.

1. Vegetation Removal. The permittee shall clear the permanent (50 feet) and temporary (25 feet) right-of-way only to the extent necessary to assure suitable access for construction, safe operation, and maintenance of the pipeline. Tree stumps will be removed at the landowner's request or when necessitated due to trench location. The permittee will dispose of all debris created by clearing at a licensed disposal facility.

- 2. Vegetation Protection.** Shelterbelts and trees must be protected by the permittee to the extent possible in a manner compatible with the safe operation, maintenance, and inspection of the pipeline and in compliance with all applicable laws and regulations.
- 3. Topsoil Protection.** Precautions shall be taken by the permittee such as double ditching as a means to minimize mixing of topsoil and subsoil during excavation of the trench for the pipe unless otherwise negotiated with the affected landowner.
- 4. Pollution.** All appropriate precautions to protect against pollution of the environment must be taken by the permittee. The permittee shall be responsible for compliance with all laws applicable to the generation, storage, transportation, clean up and disposal of hazardous wastes generated during the construction and restoration of the right-of-way.
- 5. Soil Compaction.** Compaction of soil by the permittee must be kept to a minimum and restored to pre-construction conditions upon completion of the project.
- 6. Sensitive Areas.** Restoration of the wetlands will be performed by permittee in accordance with the requirements of applicable state and federal permits or laws and landowner agreements.
- 7. Livestock.** Precautions to protect livestock must be taken by the permittee unless otherwise negotiated with the affected landowner.
- 8. Drain Tile.** The permittee shall repair or replace all drainage tiles broken or damaged during right-of-way preparation, construction, and maintenance activities, unless otherwise negotiated with the affected landowner.
- 9. Personal Litter.** Cleanup of personal litter, bottles, and paper deposited by right-of-way preparation and construction crews must be performed on a daily basis.
- 10. Cleanup.** All waste and scrap that is the product of the pipeline construction process must be removed or properly disposed of by the permittee before construction ends.
- 11. Roads.** The permittee shall repair private roads and lanes damaged when moving equipment or when obtaining access to the right-of-way, unless otherwise negotiated with the affected landowner.
- 12. Fences.** The permittee shall replace or repair all fences and gates removed or damaged as a result of right-of-way preparation, construction, and restoration activities, unless otherwise negotiated with the affected landowner.
- 13. Revegetation.** The permittee shall revegetate the right-of-way and all temporary work space, in accordance with the procedures specified in its routing permit application and as required by permit conditions or other federal and state agency permits.

14. Restoration. The permittee shall, at once, and to the extent possible, restore the area affected by the pipeline to the natural conditions that existed immediately before construction of the pipeline. Restoration must be compatible with the safe operation, maintenance, and inspection of the pipeline. Within 60 days after completion of all restoration activities the permittee shall advise the Commission in writing of the completion of such activities.

D. SPECIAL CONDITIONS

1. Security. The permittee will install temporary gates or similar, as needed, to prohibit public access to the right-of-way during construction.

2. Dewatering. Dewatering during periods of excessive precipitation or in areas where the natural groundwater table intersects the pipeline trench will not be directed into wetlands or water bodies. Dewatering discharges will be directed toward well vegetated upland areas. Should discharge activities need to be directed off the right-of-way, landowner consent will be obtained and locations will be chosen to minimize impacts. All discharge activities will comply with applicable agency permits or approvals.

3. Noise. The permittee will limit construction activities to daytime hours in an effort to minimize increased noise impacts to individuals in the immediate vicinity of construction of the project.

4. Air Pollution. Water will be applied to upland or dry portions of the project area to minimize fugitive dust and emissions generated by activities such as grading, trenching, backfilling, and vehicle/equipment traffic.

5. Sedimentation. Timber riprap and/ or erosion control mats may be used to minimize construction impacts (rutting and saturated areas), and to create a stable working surface, if necessary. Sediment barriers may be used where the pipeline right-of-way slopes toward a wetland area to prevent sedimentation of the wetland. Where dewatering of the trench becomes necessary, the silted discharge water will be prevented from entering the wetland through use of filter bags or straw bale structures.

6. Access. In areas where public roads are limited, and to minimize repeated travel on portions of the right-of-way, existing privately owned roads might be used to provide access to the construction right-of-way. Use of private access roads and construction of any new access roads would require landowner permission.

7. Public Safety Information. As provided by applicable laws and regulations the permittee must provide educational materials to landowners within the route whose land is crossed by the pipeline and, upon request, to interested persons, about the project and any restrictions or dangers associated with the project.

8. Government Agencies. The permittee shall comply with all federal, state, county, and local rules and regulations. The permittee will work with units of government throughout the process to discuss any particular concerns that may arise.

E. COMPLIANCE WITH FEDERAL AND STATE AGENCIES

The permittee shall comply with all terms and conditions of permits or licenses issued by any state agency as identified in the application for a pipeline routing permit.

F. COMPLIANCE WITH COUNTY, CITY, OR MUNICIPAL PERMITS

The permittee shall comply with all terms and conditions of permits or licenses issued by Itasca County, and local units of government (i.e., townships, cities, municipalities).

G. COOPERATION WITH ENTITIES HAVING EXISTING EASEMENTS AND INFRASTRUCTURE IN THE PIPELINE ROUTE

The permittee shall cooperate with all entities that have existing easements or infrastructure within the pipeline route to ensure minimal disturbance to existing or planned developments.

H. ARCHAEOLOGICAL SURVEY

The permittee shall work with the Minnesota State Historic Preservation Office (SHPO) prior to commencing construction to determine whether an archaeological survey will be necessary for any length of the pipeline route. The permittee shall mark and preserve any archaeological sites that are found during construction and shall promptly notify the SHPO and the Commission of such discovery. The permittee shall not excavate at such locations until authorization is provided by the SHPO.

I. ACCESS TO PROPERTY FOR CONSTRUCTION

1. The permittee shall obtain all necessary permits authorizing access to public rights-of-way prior to any construction.
2. The permittee shall obtain approval of the landowners for access to private property prior to any construction.
3. The permittee shall work with property owners to identify and address any special problems the landowners may have that are associated with the pipeline prior to any construction.
4. The permittee will provide all affected landowners with complete information about the project, keeping them informed throughout the initial survey, right-of-way acquisition, right-of-way preparation, construction, restoration, and future operation and maintenance.

J. COMPLAINTS

1. The permittee shall establish a complaint reporting procedure in accordance with the requirements of Minnesota Rule 7852.3700 and as explained in attached Complaint Report Procedures of this permit, prior to commencing construction. The permittee shall advise the Commission in writing when such procedure has been established.
2. The permittee shall notify the Commission in writing of any complaints received during the course of construction pertaining to Minnesota Rule 7852.3600 that are not resolved within 30 days of the complaint.

K. PERMIT MODIFICATION OR SUSPENSION

If the Commission determines that substantial evidence supports a finding that a violation of the terms or conditions of this pipeline routing permit has occurred or is likely to occur, it may take action to modify or suspend this permit. The Commission may, at any time, re-consider modification or suspension of this permit if the permittee has undertaken effective corrective or ameliorative measures to correct the violations (Minnesota Rule 7852.3800).

L. PREEMPTION OF OTHER LAWS

Pursuant to Minnesota Statutes 216G, subdivision 4, the issuance of a pipeline routing permit under this section and subsequent purchase and use of the route locations is the only site approval required to be obtained by the person owning or constructing the pipeline. The pipeline route permit supersedes and preempts all zoning, building, or land use rules regulations, or ordinances promulgated by regional, county, local, and special purpose governments.

IX. PIPELINE CONSTRUCTION COMPLETION CERTIFICATE

The permittee shall file with the Commission a written certification that the construction of the permitted pipeline has been completed in compliance with all permit conditions. The certification shall be considered by the Commission within 60 days of its filing. The Commission shall accept or reject the certification of completion and make a final determination regarding cost or reimbursements due. If the Commission rejects the certification, it shall inform the permittee in writing which deficiencies, if corrected, will allow the certification to be accepted. When corrections to the deficiencies are completed, the permittee shall notify the Commission, and the Commission shall reconsider the certification at its next regularly scheduled meeting, provided the notification is received at least 20 days before the meeting. After acceptance of the certification by the Commission, the commission's jurisdiction over the permittee's pipeline routing permit shall be terminated (Minnesota Rule 7852.3900).

**PUBLIC UTILITIES COMMISSION
COMPLAINT REPORT PROCEDURES FOR
PIPELINE ROUTE PERMITS**

1. Purpose

To establish a uniform and timely method of reporting complaints received by the permittee concerning the permit conditions for site preparation, construction, cleanup and restoration, special conditions, other requirements, and resolution of such complaints.

2. Scope

This reporting plan encompasses complaint report procedures and frequency.

3. Applicability

The procedures shall be used for all complaints received by the permittee.

4. Definitions

Complaint – A statement presented by a person expressing dissatisfaction, resentment, or discontent as a direct result of the natural gas pipeline and associated facilities. Complaints do not include requests, inquiries, questions or general comments.

Telephone Complaint – A person presenting a complaint by telephone shall indicate whether the complaint relates to (1) a substantive routing permit matter, (2) a natural gas pipeline location matter, or (3) a compensation matter. All callers must provide the following information when presenting a complaint by telephone: (1) name, (2) date and time of call, (3) phone number, (4) email address (if available), (5) home address, (6) parcel number.

Substantial Complaint – Written complaints alleging a violation of a specific route permit condition that, if substantiated, could result in permit modification or suspension pursuant to the applicable regulations.

Person – An individual, partnership, joint venture, private or public corporation, association, firm, public service company, cooperative, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

5. Responsibilities

Everyone involved with any phase of the pipeline right-of-way preparation, construction, cleanup and restoration is responsible to ensure expeditious and equitable resolution of all complaints. It is therefore necessary to establish a uniform method for documenting and handling complaints related to this natural gas pipeline project. The following procedures will satisfy this requirement:

- A. The permittee shall document all complaints by maintaining a record of all applicable information concerning the complaint, including the following:
 - 1. Name of the permittee and project.
 - 2. Name of complainant, address and phone number.
 - 3. Precise property description or tract numbers (where applicable).
 - 4. Nature of complaint.
 - 5. Response given.
 - 6. Name of person receiving complaint and date of receipt.
 - 7. Name of person reporting complaint to the Minnesota Public Utilities Commission (the Commission) and phone number.
 - 8. Final disposition and date.
- B. The permittee shall assign an individual to summarize complaints for transmittal to the Commission.

6. Requirements

The permittee shall report all complaints to the Commission according to the following schedule:

Immediate Reports – All substantial complaints shall be reported to the Commission by phone or by e-mail the same day received or on the following working day for complaints received after working hours. Such reports are to be directed to pipeline routing permit compliance at the following: DOC.energypermitcompliance@state.mn.us or 1-800-657-3794. Voice messages are acceptable.

Monthly Reports – By the 15th of each month, a summary of all complaints, including substantial complaints received or resolved during the proceeding month. Such summaries shall be sent to Dr. Burl W. Haar, Executive Secretary, Minnesota Public Utilities Commission, Metro Square Building, 121 7th Place East, Suite 350, St. Paul, MN 55101-2147. A copy of each complaint shall be sent to Permit Compliance, Minnesota Department of Commerce, 85 7th Place East, Suite 500, St. Paul, MN 55101-2198.

Unresolved Complaints – The permittee shall submit all unresolved complaints to the Commission for resolution by the Commission, where appropriate, no later than 45 days after the date of the submission.

7. Complaints Received by the Commission

Copies of complaints received directly by the Commission from aggrieved persons regarding site preparation, construction, cleanup, restoration, operation and maintenance shall be promptly sent to the permittee.

Initial Screening – Commission staff shall perform an initial evaluation of unresolved complaints submitted to the Commission. Complaints raising substantive routing permit issues shall be processed and resolved by the Commission. Staff shall notify permittee and the complainant if it determines that the complaint is a substantial complaint. With respect to such complaints, each party shall submit a written summary of its position to the Commission no later than ten days after receipt of the staff notification. Staff shall present briefing papers to the Commission, which shall resolve the complaint within twenty days of submission of the briefing papers.

Condemnation/Compensation Issues – If the Commission's staff initial screening determines that a complaint raises issues concerning the just compensation to be paid to landowners on account of permittee acquisition of natural gas pipeline easements, staff shall recommend to the Executive Secretary that the matter be resolved under the provisions of Minnesota Statutes, chapter 117. If the Executive Secretary concurs, he shall so report to the Commission and the matter shall be dealt with in the natural gas pipeline routing condemnation proceedings as an issue of just compensation.

Project Location Map

Minnesota Power

Boswell Energy Center
Natural Gas Pipeline Project

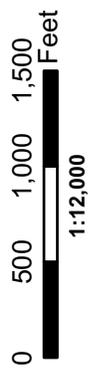
LEGEND

- Proposed Pipeline Alignment
- Existing Electric Lines
- Existing Great Lakes Pipelines
- Existing Enbridge Pipelines
- Wetland Boundaries
- Preferred Route

LOCATION

Sections 3, 4, 9, & 10
T55N, R26W
Itasca County, Minnesota

Map 3



Prepared by: **Merjent**

