BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer	Chair
Ken Nickolai	Commissioner
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Phyllis Reha	Commissioner
Thomas Pugh	Commissioner

To: Service List

SERVICE DATE: DEC - 1 2006

DOCKET NO. ET-6133/MC-06-1458

In the Matter of the Application of Minnesota Municipal Power Agency for a Minor Alteration of a Large Electric Power Generating Plant Site Permit for the Faribault Energy Park Generation Project in Rice County

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

Authorized the Minor Alteration request allowing MMPA to add a nominal 25 MW duct burner to the plant as a part of the combined cycle construction project without condition.

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

BY ORDER OF THE COMMISSION

Burl W. Haar

Burl W. Haar
Executive Secretary

(S E A L)

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. **ET-6133/MC-06-1458**

Meeting Date: November 30, 200.....Agenda Item # 2

Company: Minnesota Municipal Power Agency

Docket No. **ET-6133/MC-06-1458**

In the Matter of a Request for Determination of a Minor Alteration for the approved Faribault Energy Park (FEP) generation project involving the adding of duct burners to the combined cycle portion of the facility currently under construction.

Issue(s): Should the Minnesota Public Utilities Commission (PUC) grant or deny authorization to MMPA to add a nominal 25 MW duct burner to the FEP generation project in Rice County, Minnesota, under the minor alteration provisions of Minnesota Rule 4400.3820?

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

Relevant Documents (in Commission Packet).

1. Minnesota Municipal Power Agency's Request to the PUC for a Minor Alteration to the permitted Faribault Energy Park generation project, Dated October 2, 2006;
2. Minnesota Municipal Power Agency's letter describing modifications to the facility's air permit, Dated July 24, 2006;

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

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(Note: Relevant documents and additional information can be found on eDockets (PL-6580/GP-06-931) or the PUC Facilities Permitting website:
http://energyfacilities.puc.state.mn.us/Docket.html?Id=18685

Statement of the Issues

Should the PUC grant or deny authorization to MMPA to add a nominal 25 MW duct burner to the FEP generation project in Rice County, Minnesota, under the minor alteration provisions of Minnesota Rule 4400.3820?

Introduction and Background

The Minnesota Municipal Power Agency (MMPA) is a power agency organized under Minn. Stat. Ch. 453 to provide electrical energy and related services to its members and customers. MMPA's members are the cities of Anoka, Arlington, Brownton, Chaska, Le Sueur, North St. Paul, Olivia, and Winthrop.

On July 10, 2003, the Minnesota Public Utilities Commission (PUC) granted the issuance of a Certificate of Need (CON) for the Faribault Energy Park (FEP) generation project in Rice County, Minnesota. The Order Granting Certificate of Need was issued on August 13, 2003.

On September 9, 2003, MMPA filed an application for a Site Permit to the Minnesota Environmental Quality Board (EQB) to construct and operate a 250 megawatt (MW) combined cycle large electric power generating plant (LEPGP) proposed to be located in the city of Faribault, Rice County, Minnesota.

The FEP is located in the city of Faribault, about 2.5 miles north of the downtown area on the west side of Highway 76, south of 170th Street West and east of Interstate 35. The site is in close proximity to the intersection of the Northern Natural Gas (NNG) high pressure natural gas mainline and the Northern States Power Company (NSP) Lake Marion – West Faribault 115 kV high voltage transmission line (HVTL).

On September 18, 2003, the MEQB accepted the MMPA application for the project and began the reviewing the application under the Full Review Process. This process included public notifications, an initial public informational/EIS Scoping Meeting, development of an EIS Scoping Decision, preparation of an EIS, a contest test hearing before an ALJ and finally a decision by the EQB.

On May 20, 2004, the EQB issued a Site Permit for a LEPGP to MMPA.

Project Description

The minor alteration the MMPA is seeking relates to the proposal to add a nominal 25 MW duct burner to the plant. MMPA proposes to add the duct burner as a part of the combined cycle construction project.

The duct burner will add thermal energy to the hot exhaust gases as they are ducted from the gas turbine to the waste heat recovery boiler. The duct burner will be capable of burning bio-diesel fuel and is expected to operate only on peak days. The purpose of adding the duct burner is to help MMPA meet the biomass requirement of the renewable energy objective in an innovative way.

Regulatory Process and Procedures

A minor alteration, as defined in Minnesota Rule 4400.3820, is a change in a large electric power generating plant or high voltage transmission line that does not result in significant changes in the human or environmental impact of the facility. The provision provides a speedy and easy process for obtaining authorization of such minor alterations. The term "minor alteration" is subjective and requires a decision each time as to whether or not the proposed changes result in significant changes in the human or environmental impact of the facility.

Minnesota Rule 4400.3820 specifies application requirements, review and public notice procedures to be used in seeking minor alteration authorization.

Information on the proposed addition of a duct burner was provided to the DOC EFP staff on July 24, 2006. The request from MMPA for a minor alteration was submitted in writing on August 4, 2005, and described why the alteration is considered minor.

Public notice of receipt of the request for a minor alteration was mailed to those persons on the general distribution list on October 23, 2006, establishing the required ten-day notice period for the public to be made aware of and make comments on the proposed project.

DOC EFP Staff Analysis and Recommendation

The request for a minor alteration has been reviewed by DOC EFP staff pursuant to the requirements of Minnesota Rule 4400.3820. The request provides adequate justification for staff to conclude that the proposed project would not cause a significant environmental impact and is eligible for consideration as a Minor Alteration.

No significant issues were identified by the DOC EFP staff or any member of the public during the review of the minor alteration application request or during the public comment period.

No public comments were received by the close of the November 3, 2006, comment period.

PUC Decision Options

According to the provisions of the rules, PUC may take the following actions on this request:

A. Authorize the Minor Alteration request allowing MMPA to add a nominal 25 MW duct burner to the plant as a part of the combined cycle construction project without condition.

B. Authorize the Minor Alteration request allowing MMPA to add a nominal 25 MW duct burner to the plant as a part of the combined cycle construction project with certain conditions.

C. Determine that the alteration is not minor and requires a full permitting process.

D. Make some other decision deemed more appropriate.

DOC EFP Staff Recommendation:

Staff recommends option A.