

PROPOSED
RESOLUTION
OF THE
MINNESOTA ENVIRONMENTAL QUALITY BOARD

Granting Partial Exemption
from Certain Procedural Requirements and

Designating a Route and Issuing a
Pipeline Routing Permit
To
Faribault Energy Park, LLC
For a
Natural Gas Pipeline
in
Rice County, Minnesota

MEQB Docket No. 04-80-PRP-FEP

BE IT RESOLVED, that the Minnesota Environmental Quality Board approves and adopts the Findings of Fact, Conclusions and Order designating a route for a new ten inch natural gas pipeline in Rice County, Minnesota, and issuing a Pipeline Routing Permit for the pipeline to Faribault Energy Park, LLC.

BE IT FURTHER RESOLVED, that Robert A. Schroeder, chair of the Board, is authorized to sign the adopted Findings of Fact, Conclusions and Order, and the Route Permit.

**STATE OF MINNESOTA
ENVIRONMENTAL QUALITY BOARD**

In the Matter of the Application of Faribault Energy Park, LLC, for a Pipeline Routing Permit for a Natural Gas Pipeline

**FINDINGS OF FACT,
CONCLUSIONS, AND ORDER
ISSUING A PIPELINE ROUTING
PERMIT FOR A NATURAL GAS
PIPELINE AND GRANTING
PARTIAL EXEMPTION**

**MEQB DOCKET NO.
04-80-PRP-FEP PIPELINE**

The above-captioned matter came before the Minnesota Environmental Quality Board (EQB) at a regular meeting on May 20, 2004, pursuant to an application by Faribault Energy Park, LLC (FEP), for a partial exemption from certain procedural requirements and for a Pipeline Routing Permit for a 10 inch natural gas pipeline about 1000 feet long to connect to a new power plant to be constructed in Rice County, Minnesota.

STATEMENT OF ISSUE

Should Faribault Energy Park, LLC, (FEP) be granted a partial exemption from certain procedural requirements and granted a Pipeline Routing Permit for a 10 inch natural gas pipeline approximately 1000 feet long to connect to a new power plant in Rice County, Minnesota, and if so, along what route and under what conditions?

Based upon all of the proceedings herein, the Minnesota Environmental Quality Board makes the following:

FINDINGS OF FACT

The Applicant

1. The applicant is Faribault Energy Park, LLC (hereinafter "Applicant" or "FEP"). FEP is a limited liability corporation wholly owned by the Minnesota Municipal Power Agency.

The Project

2. The proposed project is a 10 inch (nominal outside diameter) natural gas pipeline approximately 1000 feet long that will connect a new 250 megawatt power plant with an existing natural gas pipeline owned by Northern Natural Gas Company.

3. The power plant is the subject of a separate EQB permit proceeding. EQB Docket No. 02-48-PPS-FEP. The EQB adopts the Findings of Fact and Conclusions in that Docket as though fully set forth herein.

4. In addition, FEP has applied for a Route Permit for two 115 kilovolt transmission lines to connect the new power plant to a nearby existing transmission line owned by Xcel Energy. The transmission lines have been considered by the EQB in a separate docket. EQB Docket No. 04-79-TR-FEP. The EQB adopts the Findings of Fact and Conclusions in that Docket as though fully set forth herein.

5. As part of the permit application for a Site Permit for the power plant, Faribault Energy Park proposed two different sites, contiguous to each other. As part of this proceeding, the EQB considered two possible routes for the pipeline, one from the Northern Natural Gas pipeline to the preferred site and one to the alternative site. Because the EQB has issued a Site Permit for FEP's preferred site for the power plant, the route approved in this proceeding is the route proposed connecting the Northern Natural line with the power plant on the preferred site.

Procedural History

6. On March 8, 2004, FEP submitted an application to the EQB for a Pipeline Routing Permit and a Partial Exemption from certain procedural requirements. The Chair accepted the application on March 9, 2004.

7. Because the application for the permit for the pipeline was submitted at the same time as the application for the permit for the transmission lines, some of the public notice provided in the transmission lines docket also served as notice for the pipeline matter.

8. On March 20, 2004, the Applicant mailed notice of the filing of the application to the Minnesota Historical Society, to the Rice County Soil and Water Conservation District, the auditor of Rice County, and the clerk of the city of Faribault.

9. The EQB published notice of the filing of the application in the Faribault Daily News on March 12, 2004. The EQB mailed the same notice to a number of interested persons on March 9, 2004. This is the same notice that was used to notify the public and interested persons about the application for a route permit for the high voltage transmission lines.

10. A public meeting was held in Faribault on March 22, 2004, to provide the public with an opportunity to learn about the project and to ask questions. Nobody at the meeting raised any questions about the pipeline project. The public was afforded an opportunity to submit written comments about the project until April 4. No written

comments were received by the EQB.

Project Details

11. The proposed pipeline will be a 10 inch (nominal outside diameter) welded steel, fusion bonded epoxy coated pipe. The maximum operating pressure will be 720 pounds per square inch gauge but it will be operated at a nominal operating pressure of between 400 and 720 psig.

12. The pipeline will be buried at a minimum depth of 54 inches. There will be above ground valves at the beginning and end of the pipeline along with associated launching and receiving scraper taps.

13. The pipeline is designed to have a maximum throughput capacity of 5,000 million cubic feet per day. The maximum design throughput is 2,400 million cubic feet per day.

14. The route for the pipeline is entirely on property owned by FEP. No additional right-of-way is required. The pipeline will tap the Northern Natural Gas pipeline on the northwest corner of the FEP property and run approximately 600 feet south, then turn east 400 feet to the plant.

15. A pipeline to the alternative site would be approximately 2200 feet long. An easement of 1.51 acres would be required from the landowner if the pipeline had to be build to the alternative site for the power plant.

Standard for Partial Exemption

16. FEP has applied for a partial exemption from the full review procedures. The major difference between the partial exemption process and the full routing process is that under the full routing process a more comprehensive evaluation of alternatives is conducted and a contested case hearing is required. Both processes require the publication of notice in the local newspaper announcing the holding of a public meeting at an early stage of the process. Both processes result in the designation of a route and the imposition of conditions to minimize human and environmental impacts from the pipeline.

17. In determining whether to grant a request for a partial exemption, the EQB must determine whether the pipeline will have a significant impact on humans or the environment. Minn. Rules part 4415.0040, subp. 2. In conducting this evaluation, the EQB considers the same criteria that are considered in deciding whether to issue a permit. Minn. Rules part 4415.0100, subp. 3.

Consideration of Pipeline Routing Criteria

18. ***Human Settlement.*** The pipeline will be located entirely on property owned by FEP on which the new power plant will be built. The nearest residence is approximately 2000 feet to the northeast of the pipeline. The property was recently annexed by the City of Faribault and is zoned commercial/industrial. The use of this

property for a power plant and a pipeline will not significantly affect human settlement areas, planned future land uses, or any local management plans.

19. **Natural Environment.** The land is presently used for agricultural purposes. FEP will restore the land after the trench is dug for the pipeline. One agricultural drainage ditch will be crossed by the pipeline. This drainage ditch is not listed by the Department of Natural Resources as a protected water. FEP will cross the drainage ditch by directional drilling or other method acceptable to the DNR. No wetlands will be crossed along either of the routes.

20. **Historical and Archeological Impacts.** A survey to locate any historical or cultural resources was conducted in 1996. No features of such significance have been identified within the FEP property boundaries.

21. **Area Economies.** No more than 37 acres of agricultural land will be taken out of production by construction of the power plant. The pipeline will not require any additional land. Construction and operation of a power plant in the vicinity of Faribault will create up to 17 permanent jobs and could attract additional industry to the area.

22. **Pipeline Cost.** The pipeline is estimated to cost \$1.3 million. The alternative route is longer and would cost an estimated \$2.4 million.

23. **Use of Existing Rights-of-Way.** The site for the proposed power plant was selected because of its proximity to an existing transmission line and an existing natural gas pipeline. No new right-of-way will be required because the pipeline will be located entirely on property owned by FEP.

24. **Natural Resources.** There are no significant impacts expected on any natural resources from construction of the pipeline.

25. **Mitigation.** FEP will clear the right-of-way by following accepted industry practices and sound construction guidelines. Debris from construction of the pipeline will be disposed of properly and promptly. All wetland areas will be avoided. The surface of the right-of-way will be restored by chisel plowing or other comparable method.

26. **Related or Future Projects.** The pipeline is a part of the overall project to construct a 250 megawatt power plant. The potential impacts of the power plant on future development are described in the Findings and in the record related to the EQB's issuance of a Site Permit for that facility.

27. **Other Requirements.** FEP will obtain all other permits that are required to construct the pipeline. These other permits are listed in the application.

Based on the foregoing Findings of Fact, the Environmental Quality Board makes the following:

CONCLUSIONS

1. Any of the foregoing Findings more properly designated as Conclusions are hereby adopted as such.
2. The Environmental Quality Board has jurisdiction over the subject matter of this proceeding pursuant to Minn. Stat. § 116I.015.
3. The proposed project will not have a significant impact on humans or the environment.
4. The Applicant and the EQB have complied with all procedural requirements required by law.
5. The route proposed by the Applicant is necessary to connect with the site approved for location of the power plant.
6. The conditions included in the Pipeline Routing Permit are reasonable and appropriate and agreed to by the Applicant.

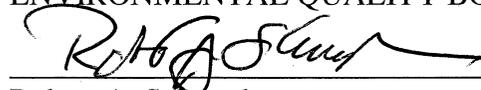
Based on the Findings of Fact and Conclusions contained herein and the entire record of this proceeding, the Environmental Quality Board hereby makes the following

ORDER

1. The Environmental Quality Board hereby grants Faribault Energy Park, LLC, a partial exemption from the pipeline route selection procedures of Minn. Rules chapter 4415.
2. The Environmental Quality Board hereby issues a Pipeline Routing Permit to Faribault Energy Park for construction of a 10 inch natural gas pipeline connecting the Northern Natural Gas pipeline with a new power plant along the route proposed by the Applicant and under the conditions specified in the permit. The Permit shall be issued in the form attached hereto, with a map showing the approved route.

Dated this 20th day of May, 2004

STATE OF MINNESOTA
ENVIRONMENTAL QUALITY BOARD



Robert A. Schroeder
Chair

