



**STATE OF MINNESOTA
Minnesota Department of Commerce**



**PUBLIC INFORMATION MEETING
SUMMARY**

Issued: May 30, 2007

In the Matter of the Application to the Minnesota Public Utilities Commission for a Pipeline Routing Permit and Partial Exemption from Pipeline Route Selection Procedures for the Nashwauk Public Utilities Commission, Nashwauk-Blackberry Natural Gas Pipeline Project.

MPUC Docket Number: PL, E-280/GP-06-1481

Staff of the Minnesota Department of Commerce, Energy Facilities Permitting Group (EFP Staff) held a second public meeting on the proposed Nashwauk to Blackberry Natural Gas Pipeline Project on May 24, 2007. The meeting was held at the Nashwauk City Offices. An open house began at 5:00 PM, which allowed for discussions with both EFP staff and representatives of Short Elliot Hendrickson (SEH), the consulting engineering firm that is representing the Nashwauk Public Utilities Commission in this proceeding.

Jeff Haase with the EFP Staff was present at the meeting to discuss the partial exemption process, several handouts were provided to meeting attendees, those handouts are attached to this meeting summary.

Representing the NPUC from SEH were George Johnson, Clarence Kadrmas, Jeff Davis, and Chuck Michael.

Howard Hilshorst with Minnesota Steel was also available to answer questions about the Steel Plant.

Approximately 50 people were in attendance. Following presentations by the Department of Commerce, and SEH, there was an open forum to discuss the project and the process.

There were several comments that SEH and the NPUC had not done an adequate job of route selection, and that they had not identified a less impactful route for consideration under the partial exemption process.

Several participants requested that the final decision meeting be held in the proximity of the route. Mr. Haase stated that the decisions take place at regularly scheduled PUC agenda meetings and that it was unlikely that the decision meeting on this project would be held in a location other than St. Paul.

One individual asked when the notification for the agenda meeting would be sent out – the typical practice has been the Friday two weeks before the meeting. Mr. Haase explained that the notice would be sent out to those individuals that have signed up for the project mailing list either online, or at one of the public information meetings.

There was some discussion regarding an 8-inch pipeline that originates in LaPrairie and runs along Highway 169 near the proposed steel plant site. The company was aware of this pipeline, but mentioned that the pipeline currently serves the cities of Nashwauk and Grand Rapids. In addition, the size of the pipeline is inadequate to meet the needs of the Steel Plant.

There were some comments regarding the timing of the route selection, whether the route was selected before or after the Mesaba route. One member of the audience brought up an Itasca County meeting in March of 2006 where SEH had made a statement saying they had just settled on the route as currently proposed. Since this was after the Mesaba application indicating this route for the natural gas pipeline they were asked to explain the apparent discrepancy. The company countered that the proposed route had been in place before the Mesaba route, and was originally conceived in 2003 or earlier. They mentioned that this route had been evaluated along with other routes in a report that was paid for by Itasca County. This prompted several questions as to the availability of the Itasca County report that was prepared in 2003. EFP Staff committed to working to have this report posted to the Nashwauk to Blackberry Project Docket website.

Concerns were raised with regard to the safety of the proposed pipeline. Several attendees brought up the recent Pawnee, IL gas pipeline explosion, which occurred on a pipeline of a similar diameter to the one that has been proposed by the NPUC. Amanda Nesheim, an Itasca County resident submitted comments and exhibits documenting the pipeline explosion at the conclusion of the meeting.

A question was raised with regard to the siting of the peaking plant that may be associated with the facility. Where would the peaking plant be sited and whether or not there would be sufficient capacity in the pipeline to serve the peaking plant.

Many attendees made comments that there were better routes available for the pipeline. One route that was discussed at length was running along an abandoned railroad bed that runs north-south along Minnesota State Highway 65. Many of the landowners felt that this route would have less impact to residences in the area. There was some thought that this route would also cross more county tax-forfeited land. This route may also be used as a snowmobile trail in the winter months.

It was recommended that, while the notes from the meeting would be put together, that it would still be beneficial for participants to comment on the validity of the Highway 65 route as an alternative to the proposed pipeline route.

Many participants also commented that a Citizens Advisory Committee (CAC) should be established to consider the alternative routes. Mr. Haase explained the difficulty of establishing a CAC under the Partial Exemption Process, and also explained the rationale that was used in recommending that a CAC not be established when the issue of application acceptance was considered by the PUC. Since the Partial Exemption Process does not require that alternative routes be evaluated by the PUC, and since there is not an opportunity for the PUC to officially consider if alternative route proposals be evaluated through this process, there are not alternatives for a CAC to consider and evaluate. If the Partial Exemption is denied, and the company re-applied under the full process, alternative routes could then be evaluated by a CAC.

There was some discussion about why the pipeline had to cross the ore body as proposed near Taconite. Howard Hilshorst explained the need to try to avoid as much of the mineable ore body as possible to avoid future interference with the pipeline.

One participant asked the company why the pipeline originated in Blackberry and passed through Taconite. Several people thought that this was due to the proximity to Mesaba and the possibility that the pipeline would serve both Mesaba and the Steel Plant. Several people felt that since Mesaba was not going to be moving forward in light of the ALJ's recommendation on the Power Purchase Agreement, that there was no need for the pipeline to go by the proposed Mesaba site. In addition, the comment was made that if the Mesaba plant was not going to move forward there would be no right-of-way sharing with this pipeline and the High Voltage Transmission Lines that would provide outlet capacity for the plan, making the route even less desirable as there is more greenfield impacts.

There was considerable discussion of the Minnesota Steel Plant, especially with one affected landowner, whose property had just been rezoned Industrial. He was interested in when the company might be in a position to offer a payment to buyout his property – which was stated to be a 120 acre parcel.

Carol Overland was in attendance and mentioned the “Buy the Farm” statute (216E.12, Subd. 4). This statute is applicable to High Voltage Transmission Lines of 200 kV size and larger, but is not applicable to pipeline projects.

Several comments were made regarding the proposed projects impacts on the property values of affected landowners. There was concern that the pipeline would put limitations on what the landowner could do with the property, i.e. that a septic system could not be put on property, that they could not build on or develop the property, etc. This further intensified the demand that alternative routes be examined in order to find a route that would have less impact on property owners.

An article about the meeting ran in the Hibbing Daily Tribune on Monday, May 28, 2007 is included.

Public comments on this project will be accepted through Friday, June 8, 2007. Comments can be submitted to:

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jeffrey.haase@state.mn.us

Fax: 651.297.7891



Nashwauk to Blackberry Pipeline Information Sheet



A pipeline route permit from the Public Utilities Commission (PUC) is required for the construction of certain pipelines (Minnesota Statutes 216G.02). The PUC has jurisdiction over pipelines with a diameter of six inches or more that are designed to transport hazardous liquids like crude petroleum and those that are designed to carry natural gas and be operated at a pressure of more than 275 pounds per square inch.

However, the PUC's authority does not apply to interstate natural gas pipelines regulated under the federal Natural Gas Act and to pipeline owners or operators who are defined as a natural gas public utility under Minn. Stat. § 216B.02.

The Commission must select routes that minimize human and environmental impact.

The procedure to be followed in considering a permit for a pipeline depends on the size and type of the pipeline. An applicant may apply for a partial exemption from the complete procedural requirements if the project is not expected to have significant environmental impacts. In such cases, the process of public review normally takes 90 days from submission of the application.

For more controversial projects that are expected to have significant environmental impacts, a more complex process is required. It can take up to nine months to complete the procedural requirements of the full process. These procedures are explained in detail in the pipeline routing rules (Minnesota Rules Chapter 4415).

The Nashwauk Public Utilities Commission filed an application for a partial exemption from the full pipeline review process with the Minnesota Public Utilities Commission Board regarding the construction of an underground natural gas pipeline in Itasca County, Minnesota. The purpose of the proposed Nashwauk to Blackberry Natural Gas Pipeline Project is to supply the required fuel to support the proposed Minnesota Steel Nashwauk Taconite Reduction Plant as well as other industrial customers near the city of Nashwauk.

The Energy Facilities Permitting (EFP) staff of the Department of Commerce (DOC) has established a web page for this project on the PUC's Facility Permitting Website. Documents relevant to this proceeding are posted on this docket page:

<http://energyfacilities.puc.state.mn.us/Docket.html?Id=19035>

In addition, persons interested in signing up for the project mailing list may do so through this web page. Signing up for the mailing list ensures delivery of relevant notices related to the project.

Comments on the proposed project will be received until **June 8, 2007**, questions and comments on the proposed project should be submitted to the EFP staff members listed below.

Energy Facility Permitting Staff Project Contacts

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Partial Exemption from Pipeline Route Selection Procedures

1 An organization that wants to build a pipeline (a power company, petroleum refiner or petroleum shipper) applies for a partial exemption from the full pipeline review. The PUC must receive the application at least 21 days before its next meeting.

The Nashwauk Public Utilities Commission (NPUC) submitted an application for a partial exemption from the full pipeline review on March 7, 2007. The case was assigned PUC Docket No. PL, E-280/GP-06-1481.

2 The application is accepted if the PUC determines that it is complete. Acceptance begins a 90-day pipeline routing permit review process.

In an Order dated April 3, 2007, the PUC accepted the application as complete.

3 Within 15 days of the application being accepted, the applicant publishes a legal notice in all counties the pipeline would pass through. The applicant also distributes copies of the application and procedures for objecting to the proposal to affected land owners and local governments.

The applicant published notice in the Grand Rapids Herald-Review and the Hibbing Daily Tribune on April 11, 15 & 18, 2007. The applicant published notice in the Scenic Range News Forum on April 12, 2007.

4 The DOC – EFP staff holds public information meetings in each county the pipeline would pass through.

DOC – EFP staff is held a public meeting on April 18th in Taconite, and on May 24th in Nashwauk.

5 Anyone who wishes to comment on or object to the application has at least 30 days from the time the legal notice is published to submit their comments to the PUC.

The comment period for Docket No. PL, E-280/GP-06-1481 ends on June 8, 2007.

6 After the deadline for comments/objections, the DOC - EFP staff reviews the records and prepares findings and a draft pipeline routing permit for the PUC's consideration. If the PUC grants the partial exemption, a permit is issued for the pipeline route. If the PUC denies the partial exemption, the applicant must reapply for a full pipeline routing review.

Docket No. PL, E-280/GP-06-1481 is anticipated to come before the PUC in June.

7 Within 10 days of receiving a permit, the applicant must distribute copies of the permit to land owners and local governments.

8 Work on the pipeline can begin.

CRITERIA FOR PARTIAL EXEMPTION FROM PIPELINE ROUTE SELECTION PROCEDURES
Minnesota Rules Chapter 4415.0040

Subpart 1. Scope and purpose of criteria. The scope and purpose of this part is to specify the criteria used by the board in determining whether to grant a partial exemption from the pipeline route selection procedures. The board shall make a specific written finding with respect to each of the criteria. Any new easements or right-of-way agreements obtained from potentially affected landowners before issuance of a pipeline routing permit are at the sole risk of the applicant. The fact that the agreements have been obtained shall not be considered by the board in selecting the route.

Subp. 2. Standard. In granting a partial exemption from the pipeline route selection procedures, the board must determine that the proposed pipeline and associated facilities will not have a significant impact on humans or the environment. The board shall evaluate the impacts that may be reasonably expected to occur from the proposed pipeline and associated facilities.

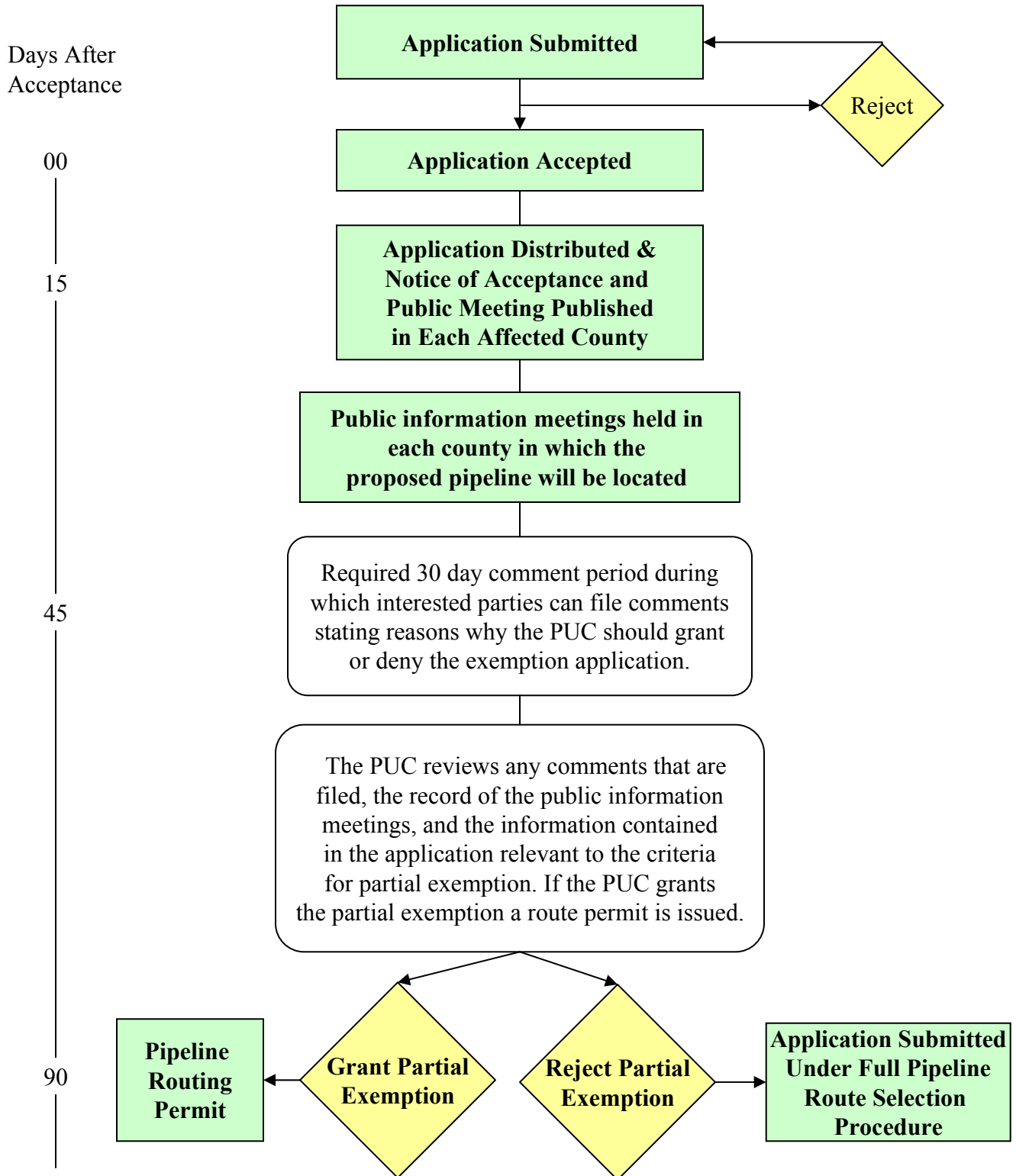
Subp. 3. Criteria. In determining whether a proposed pipeline and associated facilities qualify for partial exemption and issuance of a pipeline routing permit, the board shall consider the impact of the pipeline and associated facilities on the following:

- A. human settlement, existence and density of populated areas, existing and planned future land use, and management plans;
- B. the natural environment, public and designated lands, including but not limited to natural areas, wildlife habitat, water, and recreational lands;
- C. lands of historical, archaeological, and cultural significance;
- D. economies within the route, including agricultural, commercial or industrial, forestry, recreational, and mining operations;
- E. pipeline cost and accessibility;
- F. use of existing rights-of-way and right-of-way sharing or paralleling;
- G. natural resources and features;
- 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 4415.0185 for pipeline right-of-way preparation, construction, cleanup, and restoration practices;
- I. cumulative potential effect of related or anticipated future pipeline construction; and
- J. 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.

Partial Exemption From Pipeline Route Selection Procedures

**Minnesota Rules
4415.0035**

**PUC Energy Facility
Permitting**





Public Comment Sheet



In the Matter of the Partial Exemption Application for the Proposed Nashwauk to Blackberry Natural Gas Pipeline Project submitted by the Nashwauk Public Utilities Commission

MPUC Docket Number PL, E-280/GP-06-1481

Please share your comments on the Partial Exemption Application for a proposed natural gas pipeline to run from Blackberry, MN to Nashwauk, MN. The application was submitted to the Minnesota Public Utilities Commission by the Nashwauk Public Utilities Commission and was accepted on March 29th (Docket No. PL, E-280/GP-06-1481). Comments on the partial exemption application will be accepted through June 8, 2007.

There are three options for submitting comments on this project:

- 1) Submitting comments at the conclusion of tonight's meeting
- 2) emailing comments to jeffrey.haase@state.mn.us
- 3) Fold, tape, and mail this form to the address on the reverse side of this sheet

**Comments must be received by
June 8, 2007**

Affix
Stamp
Here

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Public comments on proposed pipeline

Daily Tribune

Last updated: Monday, May 28th, 2007 05:12:02 PM

by Melissa Cox

Staff Writer

NASHWAUK — Some attendees who spoke during a public information meeting expressed concerns about the proposed route for a natural gas pipeline.



The meeting held Thursday at the Nashwauk City Hall was the second hearing held regarding the application submitted by the Nashwauk Public Utilities Commission (NPUC) for a pipeline routing permit.

The request is to construct a 23-mile natural gas pipeline in Itasca County extending from Blackberry Township to the City of Nashwauk. The NPUC applied for a partial exemption from the full pipeline review process.

The proposed pipeline would be 24-inches in diameter and have an operating pressure of 599 pound per square inch gauge; it would be buried underground.

The natural gas pipeline would supply the required fuel for the proposed Minnesota Steel project, which is a \$1.6 billion project to be built near Nashwauk. It was noted, during the meeting, that the pipeline will not be built until Minnesota Steel reaches financial close.

The Minnesota Department of Commerce (DOC) conducted the meeting. The purpose of the meeting was to provide information on the

permitting process and to receive information to assist the Minnesota PUC in making a decision to grant or deny the partial exemption application.

The Minnesota PUC makes the final decision. Jeffrey Haase of the DOC facilitated the meeting.

The partial exemption process has been used for almost all pipelines permitted in the last 10 years in Minnesota, according to George Johnson of Short, Elliott and Hendrickson (SEH), project consultant for NPUC and Nashwauk. Johnson pointed out that SEH was advised to pursue the partial exemption process by senior DOC staff originally assigned.

Alternative routes are not required to be included in a partial exemption application. But Johnson noted that SEH did perform a technical review on several alternative routes prior to selecting the route included in the application.

Johnson said the requested route appears to be the most environmentally acceptable and cost effective according to the standards Minnesota PUC has historically used to judge these types of projects.

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A variety of questions were asked and comments made by attendees during the meeting.

Attendees were not required to give names before commenting. The public meeting lasted about two hours.

Representatives from SEH including Clarence Kadmas, Jeff Davis, Chuck Michael and Johnson were on hand to answer questions and provide information.

A question was asked if an existing pipeline that runs along Highway 169 could be used.

Kadrmass pointed out that the existing eight-inch gas pipeline from Grand Rapids to Nashwauk is too small to handle the gas volume required for Minnesota Steel.

A concern was raised about the failure rate of these types of pipes and the risk to the community.

Kadrmass said failure rate with the new pipes is rare. He added that ignition could happen, but the likelihood of explosion is very small. Many variables need to be present for an explosion to occur.

Someone asked what would happen if the pipe sprang a leak.

Kadrmass noted that the Minnesota Office of Pipeline Safety sets the rules, regulations and the criteria that needs to be met and followed for pipelines. Therefore, they would have to follow the guidelines set forth when constructing the pipeline. Kadrmass pointed out that latest rules require gas pressure sensors every 10 miles at minimum and shut off valves at these points.

A few questions were asked regarding the time line of choosing the pipeline route; and if it was based on the proposed Mesaba Energy Project.

Kadrmass responded the route was established as the best route well before Excelsior Energy considered this site for the Mesaba Energy Project.

Several attendees referred to an alternative route that they said

wouldn't affect people's properties as the proposed route would. A few people expressed their disappointment with the chosen route.

Kadrmass pointed out that many alternative routes were reviewed. He noted that the preferred route was chosen based on a variety of criteria, such as wetland mitigation, mining overburden and homeowners affected. Another determining factor is it affected the least number of homeowners than the alternatives.

Other concerns were raised about the impact the natural gas pipeline would have, such as the potential for decrease in property value, impact on lakes and forests, and not being able to build on the land surrounding the pipeline.

One citizen encouraged people to send comments to the DOC requesting that the application be denied and that a citizen's advisory committee be formed to look into alternative routes.

Other questions included, but were not limited to, how far pipeline could be from mine blasting; land acquisition; who would pay the cost for contested landowners; why the route was chosen; why the Minnesota PUC meeting where the decision regarding the application would be made is being held in the Twin Cities; and would frost affect the pipeline.

Haase encouraged attendees to submit comments in writing to be included as part of the record.

When making the decision, the Minnesota PUC will consider comments that are filed with the DOC, the record of the public information meetings and information included in the application pertinent to the criteria for a partial exemption, according to the DOC.

If a partial exemption application is granted, a pipeline routing permit will also be issued, according to the DOC. If denied, the applicant may request the Minnesota PUC proceed with processing its application under the full pipeline route selection procedure.

The public has until 4:30 p.m. June 8, to submit comments on the proposed pipeline. This date was extended.

Comments should be sent to Suzanne Steinhauer or Jeff Haase, Department of Commerce, 85 Seventh Place E., Suite 500, St. Paul, MN 55101-2198 or fax at (651) 297-7891.

When submitting comments, the DOC requests the following docket number be included: PL, E-280/GP-06-1481.

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