

**BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of a Petition by Excelsior Energy, Inc.
for Approval of a Power Purchase Agreement under
Minn. Stat. §216B.1694, and Determination of Least
Cost Technology and Establishment of a Clean Energy
Minimum Under Minn. Stat. §216B.1693.

MPUC Docket: E/6472/M-05-1993

OAH Docket: 12-2500-17260-2

mncoalgasplant.com's Initial Document Requests to

LOCAL GOVERNMENTS – CITY OF TACONITE AND NASHWAUK

**RE: Ancillary services and other generation and transmission upgrades necessary –
Minn. Stat. §216B.1693(a); and Project's economic development benefits to state – Minn.
Stat. §216B.1694, Subd. 2(7).**

In an effort to avoid duplication of responses:

1. Please provide responses, now and continuing, to Information and Document Requests of any and all other parties in OAH Docket No. 12-2500-17260-2 (MPUC Docket No. E-6472/M-05-1993).

Information and document requests regarding analysis of costs of ancillary services as required by Minn. Stat. §216B.1693(a):

2. Provide all documents regarding any infrastructure development planned by the answering local government for infrastructure to be used by or to provide services to Excelsior's Mesaba project.
3. Provide all documents regarding cost of this infrastructure.
4. Provide all documents identifying entity responsible for infrastructure development, i.e., Public Utility.
5. Provide all documents demonstrating whether entity created or an inactive entity was revived to facilitate this development. Provide all documents showing date of organization and/or reorganization; board members, principals, executives and staff; dates of term of service; relationship to other local entities, i.e., local government

staff or elected official, professional/contractual; compensation received from entity; other indirect compensation.

6. Provide all documents showing whether entity's board members, principals, executives and staff have connections as local government staff or elected official, profession/contractual, or have received compensation from this entity or received other indirect compensation, document all forms of compensation by amount or items for each party, and documents regarding conflict of interest issues for each.
7. Please provide documentation showing per mile costs for plant supply water, wastewater, and natural gas pipeline:
 - a. Pipe - provide specifications including size and material, etc.
 - b. Structures or fixtures above ground – cost and installation (dimensions, specifications)
 - c. Foundations – cost and installation (dimensions, specifications)
 - d. Trenching costs
 - e. Other misc. hardware
 - f. Licensing/permitting costs
 - g. Organizational legal fees
 - h. Land costs –
 - i. Per acre easement allowances
 - ii. Land acquisition costs
 - iii. Additional acquisition costs if “Buy the Farm” utilized (116C.63, Subd. 4) and percentage of acquisitions utilizing “Buy the Farm.”
 - iv. Engineering
 - v. Site prep and grading
 - vi. Appraisals
 - vii. Legal costs for land acquisition
 - viii. Legal costs of eminent domain proceedings, including percentage of acquisitions anticipated to require eminent domain proceedings.
8. Provide all documents showing miles of Right of Way (RoW) for plant supply water, wastewater, and gas pipeline and provide route maps.
9. Provide all documents showing landowners by name and address for each parcel where easement is necessary.
10. Provide all documents showing RoW shared with pre-existing corridors on map. Include documents showing existing infrastructure, easement holder and fee owner of existing corridor.
11. Natural gas pipelines have a tax similar to the electric personal property tax. Provide all documents identifying the local governments that will receive tax revenue, and how much each will receive.

12. It's been said in newspaper articles, as a justification for local government taking on natural gas infrastructure, that Excelsior cannot receive wholesale rates for gas. Provide all documents addressing local government rationale for taking on natural gas infrastructure, including but not limited to availability of wholesale rates.
13. Provide copy of rate tariff for sale of gas to Excelsior.
14. Provide all documents showing whether natural gas will be sold to Excelsior at same rate it is sold to other local businesses.
15. Provide all documents showing whether local utility have a net profit from sale of gas to Excelsior.
 - Provide all documents showing whether local utility have sufficient profit from sale of gas to Excelsior to cover cost of infrastructure.
 - Provide all documents showing whether local utility have sufficient revenue from sale of gas to Excelsior to cover cost of infrastructure and operating costs.
16. Provide all documents showing funding source(s) for infrastructure – provide itemized chart organized by infrastructure type and specific source, type of financing such as grant, loan, bonding, or general fund, and amount.
17. For each type of infrastructure and/or service to be provided, i.e., wastewater, water, natural gas, etc., provide documents showing:
 - The estimated cost of various working capital requirements, expressed in both dollar amounts and percentage:
 - a. Raw materials: cost of water, gas
 - b. Direct labor (showing how many days available on hand?)
 - c. Payroll overhead (showing how many days available on hand?)
 - d. Operating supplies (showing how many days?)
 - e. Indirect cost (showing how many days?)
 - f. Fixed cost (showing what percent of cost)
 - g. Spare parts
 - h. Miscellaneous expense
18. Provide all documents regarding funding for this development, by amount and source.
19. If any part of this funding is grants, provide grant application and documents identifying source and amount.
20. Produce all Agreements with Excelsior, Excelsior subsidiaries or its agents for payment for development of infrastructure.
21. Produce all Agreements with Excelsior for payment of services provided.

22. Provide all documents showing payments by Excelsior of compensation, in-kind and reimbursement or to City and/or City Officials to facilitate this infrastructure development, showing all sources, recipients, amounts, and provide copies of any and all Agreements.
23. If there are no Agreements with Excelsior at this time, provide all documents, such as resolutions, showing whether infrastructure construction go forward in absence of Agreement, including those showing guarantor of funds and payment.
24. Provide all documents showing whether City or City Utility jobs will be created, including but not limited to Board/Commission, management, and labor, including specific jobs designation and at compensation rate.
25. Provide copy of City's conflict-of-interest policy.
26. Provide copy of City's representation agreement and any other documents regarding conflict-of-interest potential.
27. Provide City and City Utility nepotism policy.
28. The West Range greenfield site has no water or sewer system and the nearest city is several miles from the site. Provide plan for provision of water, wastewater and sewer.
29. Provide all documents showing the cost of infrastructure and identify party to pay for water and sewer services to site.
30. Provide all documents showing cost of operational water needed by Mesaba (4,400-6,500gpm), and showing responsible party.
31. Provide all documents showing whether the nominal use in-plant water system separate from production system.
32. Provide all documents showing impacts of installation of water and sewer service to area, including those showing whether system must be installed in granite, wetlands or through/around existing roads or infrastructure.
33. Provide quantitative flow diagram of water and waste-water within and through the process/facility.
34. Provide quantitative flow diagram of water and wastewater to and from the plant.
35. Excelsior has identified the Canisteo Mine Pit and Hill Annex Mine Pit as sources for the 6,500 gallons per minute that the plant requires. These sources are both some distance away and present an elevation problem, as the water must go uphill to the plant. Provide all documentation addressing:

- How water gets from these mine pits to the plant.
 - Diameter pipeline or aqueduct necessary for this level of flow.
 - Pipeline or aqueduct above ground or buried.
 - Whether pumps will be used, including number, specifications, cost, noise level, parasitic electrical use, hours of operation.
 - Whether there is Increased cost of pipeline construction through granite and/or wetlands
 - Hill Annex is a state park – whether that water available for Excelsior to use, and if so, at what price?
36. There is a history of unresolved water permit violations at the plant upon which this project is based -- process wastewater levels of selenium, cyanide and arsenic were in violation of the Wabash permit, and levels of selenium and cyanide were “routinely” out of compliance.¹
- a. Provide all documents in your possession regarding water at Wabash River plant.
 - b. Provide all documents showing how a small local government with no experience in selenium, cyanide and arsenic detection and wastewater treatment avoid a repeat of this problem.
 - c. Provide all documents showing whether treatment requires ponding system, and if so, how many acres are required.
 - d. Provide all documents showing whether solution of water problems entails an evaporation system, and documents showing increased capital and operating costs.
 - e. Provide all documents regarding other capital and operating costs associated with wastewater compliance?
 - f. Swan River and Mississippi River are impaired waters. Provide all documents showing where water will be discharged.
 - g. Provide all documents showing what entity is responsible for securing wastewater permit. Provide copy of permit application or draft permit application.
 - h. Provide all documents showing the cost of wastewater permit, including actual permit and technical assistance through permitting process and what entity will pay for it.
 - i. Provide all documentation of insurance coverage that the local government wastewater processor secure to protect against monetary damages from contamination.
37. If there were to be violations of the water permit as there are at the Wabash River facility, provide all documents, including plans, showing how communities downriver be notified, the various thresholds for notification, and the cost of warning system and hardware needed.

¹ Wabash Final Technical Report, p. 6.14 http://www.netl.doe.gov/coal/gasification/projects/tech-demo/docs/WabashFinal_Report.pdf

38. Mesaba Power Point from DOE hearing claims that for Phase II, additional water resources other than Canisteo Mine Pit and Hill Annex Mine Pit must be identified. Provide all documents showing:
- What additional water resources are necessary and what local government is doing to identify additional necessary water source.
 - The expected cost of water to Excelsior, and the local government provider of water's net profit per gallon.
 - Expected cost of infrastructure.
 - Time line that identified supplies would last.
 - Potential additional available water resources.
 - The means and feasibility of tapping that water.
 - Impact on community and environment if Canisteo Mine Pit and Hill Annex Mine Pit are drained by the Mesaba plant.
39. Provide all documents showing whether NPDES permit required for construction and operation of water and wastewater systems, and itemized costs to Excelsior and local government of permitting process.
40. For preferred West Range site, Swan River and Mississippi River are already impaired waters, on the impaired waters list.² Many of the lakes are also impaired. All waters in the watershed must be checked against the impaired waters list and reviewed for any impacts.³ Provide all documents showing:
- Process and equipment necessary to eliminate discharge of water into Swan River and Mississippi River.
 - Additional cost to eliminate discharge of water?
41. Provide all documents showing costs of storm-water runoff system, treatment, discharge process and flow route.
42. Provide all documents showing the cost impact of discharge water and run-off on local public and private wells, including
- Whether new wells be drilled for nearby residents and municipalities, and at what cost.
 - Whether baseline water samples must be taken in all surface water, aquifers and nearby public and private wells, and at what cost.
 - What governmental entity will test, monitor, analyze results and enforce where necessary, and itemizing cost to local government, Excelsior, and other parties.
43. Provide all documents showing plan to annex Mesaba project, including itemization of costs of annexation, sources of funding for these costs, and funding sources by entity and amount.

² Upper Mississippi Basin Impaired waters list, see Excel list, lines 372-375 for Mississippi, lines 477-4799 for Swan River, <http://www.pca.state.mn.us/water/tmdl/index.html#tmdl>

³ Upper Mississippi Basin, Affected Use Map <http://www.pca.state.mn.us/publications/maps/tmdl-um-conv-04.pdf>; Bioaccumulative toxics map <http://www.pca.state.mn.us/publications/maps/tmdl-um-biotox-04.pdf>

All questions and answers are deemed continuing, and should be supplemented as additional information is discovered.

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