

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Hiland Operating, LLC  
6-Inch Natural Gas Liquids Pipeline  
Siting Application

Case No. PU-10-554

AFFIDAVIT OF SERVICE REGULAR, INSIDE, OR ELECTRONIC MAIL

STATE OF NORTH DAKOTA  
COUNTY OF BURLEIGH

**Cara DeSaye** deposes and says that:

she is over the age of 18 years and not a party to this action and, on the 6<sup>th</sup> day of **September, 2012**, she deposited in the United States Mail, Bismarck, North Dakota, 9 envelopes by first class mail, fully prepaid, 7 envelopes by inside mail, all securely sealed and each containing a photocopy, and 12 addressees electronically mailed a copy of:

**Order**

The envelopes and electronic mails respectively were addressed as follows:

See attached list.

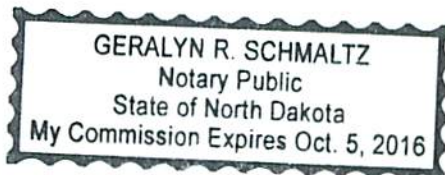
Each post office address shown is the respective addressee's last reasonably ascertainable post office address and each email address is the respective addressee's last reasonably ascertainable electronic mailing address.

  
\_\_\_\_\_

Subscribed and sworn to before me  
this 6<sup>th</sup> day of **September, 2012**.

  
\_\_\_\_\_  
Notary Public

SEAL



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Inside Mail

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Mayor  
Cartwright ND 58838

Dept of Career and Technical Education  
State Capitol  
Bismarck ND 58505

Merlan Paaverud, Jr.  
Historical Society  
North Dakota Heritage Center  
Bismarck ND 58505

City of Alexander  
Mayor  
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Alexander ND 58831

City of Watford City  
Mayor  
PO Box 494  
Watford City ND 58854-0494

McKenzie County Auditor  
201 5th Street NW PO Box 543  
Watford City ND 58854-0543

McKenzie County Commission  
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Watford City ND 58554-0543

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ND Assoc of Soil Conservation Dist  
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Bismarck ND 58504-7564

MR LARRY KOTCHMAN  
ND FOREST SERVICE  
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MR ED MURPHY  
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State Engineer  
ND Water Commission 900 East Boulevard  
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State Health Department  
State Capitol  
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State Representative  
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Arnegard ND 58835-9127

Keith Kempenich  
State Representative  
9005 151st Ave. SW  
Bowman ND 58623-8857

Bill Bowman  
State Senator  
408 First St. SW  
Bowman ND 58623-9753

**STATE OF NORTH DAKOTA**  
**PUBLIC SERVICE COMMISSION**

**Hiland Operating, LLC**  
**6-inch Natural Gas Liquids Pipeline – McKenzie County**  
**Siting Application**

**Case No. PU-10-554**

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**

**September 5, 2012**

**Appearances**

Commissioners Brian P. Kalk, Kevin Cramer, and Bonny M. Fetch.

Lawrence Bender and Jillian R. Rupnow, Attorneys-at-Law, Fredrikson & Byron, P.A., 200 North Third Street, Suite 150, Bismarck, North Dakota 58501, on behalf of Hiland Operating, LLC.

Mark E. Gruman, Legal Counsel, Public Service Commission, 600 East Boulevard, Bismarck, North Dakota 58505.

Patrick Fahn, Director – Compliance and Competitive Markets Division, Public Service Commission, 600 East Boulevard, Bismarck, North Dakota 58505.

**Preliminary Statement**

On November 2, 2011, the North Dakota Public Service Commission (“Commission”) issued an Order adopting the Administrative Law Judge’s Recommended Findings of Fact, Conclusions of Law, and Order in the above-captioned matter, and granting Certificate of Corridor Compatibility No. 125 and Route Permit No. 134 to Hiland Operating, LLC (“Hiland”), for a natural gas liquids (“NGLs”) pipeline project in McKenzie County, North Dakota (“Project”).

On April 17, 2012, Hiland filed with the Commission an application seeking approval of modifications to the Project route and corridor. On June 27, 2012, the Commission issued its Findings of Fact, Conclusions of Law, and Order, granting Hiland First Amended Certificate of Corridor Compatibility No. 125 and First Amended Route Permit No. 134.

On June 26, 2012, Hiland filed with the Commission an application seeking approval of a modification to the Project. The application included the Affidavit of Michael Higgins, and Application for Waiver or Reduction of Procedures and Time Schedules, in support of the application. In its waiver request, Hiland requests waiver of the following:

1. Procedures that may require separate filings of applications for an amended certificate of corridor compatibility, an amended route permit, and waiver of procedures and time schedules;
2. Procedures that may require separate notices of such applications;
3. Procedures that may require public hearings on such applications; and
4. Procedures that may require separate hearings on such applications, if either a formal or informal hearing is required.

Hiland seeks approval to increase the permitted diameter of the Project pipeline diameter from 6 inches to 8 inches. Hiland requests approval of the proposed increase in pipeline diameter to allow Hiland the flexibility to meet future commercial opportunities to transport increased volumes of NGLs.

On August 1, 2012, the Commission found the application of Hiland to be complete and issued a Notice of Filings, Notice of Informal Hearing, and Notice of Opportunity for Hearing, scheduling an informal hearing for August 29, 2012, at 1:30 p.m. in the Commission Hearing Room on the 12<sup>th</sup> Floor of the State Capitol. The Notice further provided that comments and requests for a hearing must be received by August 31, 2012. The Notice identified the following issues to be considered with respect to Hiland's application for waiver of procedures and time schedules:

1. Are the proposed facilities of such length, design, location, or purpose that they will produce minimal adverse effects and that adherence to applicable procedures and time schedules may be waived?
2. Is it appropriate for the Commission to waive any procedures and time schedules as requested in the application?

The Notice identified the following issues to be considered with respect to Hiland's applications for an amended Certificate of Corridor Compatibility and an amended Route Permit:

1. Will the location, construction, and operation of the proposed facilities produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Are the proposed facilities compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility locations minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

On August 20, 2012, the North Dakota Department of Health filed comments stating that it believes environmental impacts from the proposed construction will be minor and recommended certain construction methods to minimize fugitive dust emissions, minimize adverse effects on water bodies, and minimize construction activity noise.

On August 29, 2012, the Commission held the informal hearing as scheduled. No comments or requests for hearing were received.

Having allowed all interested persons an opportunity to be heard, and having heard, reviewed, and considered all testimony and evidence presented, the Commission makes the following:

### **Findings of Fact**

1. As the materials filed by Hiland in its July 26, 2012 application states, and as was further discussed at the informal hearing, the increase in pipeline diameter from 6 to 8 inches does not cause increased impacts upon the environment or upon the citizens of North Dakota.

From the foregoing Findings of Fact, the Commission now makes its:

### **Conclusions of Law**

1. The Commission has jurisdiction over the applicant, Hiland Operating, LLC, and over the subject matter of this application under North Dakota Century Code, Chapter 49-22.

2. Hiland Operating is a utility as defined in North Dakota Century Code, Section 49-22-03(13).

3. The proposed pipeline is a transmission facility as defined in North Dakota Century Code, Section 49-22-03(12).

4. The location, construction, and operation of the Project will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.

5. The location, construction and operation of the Project are compatible with environmental preservation and the efficient use of resources.

6. The Project will minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.

7. The Project is of such design and location that it will produce minimal adverse effects, in accordance with North Dakota Century Code, Section 49-22-07.2.

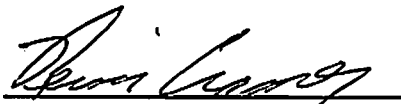
8. It is appropriate for the Commission to waive those certain procedures and time schedules as requested in the application and provided under North Dakota Century Code, Section 49-22-07.2.

From the foregoing Findings of Fact and Conclusions of Law, the Commission issues its:

**Order**

1. Hiland's application for waiver of procedures and time schedules is granted.
2. Hiland's request for amendments to the permitted corridor and pipeline route are granted, and Hiland is issued Second Amended Certificate of Corridor Compatibility No. 125 and Second Amended Route Permit No. 134.
3. The authorizations granted by the Second Amended Certificate of Corridor Compatibility No. 125 and Second Amended Route Permit No. 134 are subject to modification by order of the Commission if deemed necessary to further protect the public or the environment.
4. The amended corridor and amended route are subject to the conditions and limitations stated in the Findings of Fact, Conclusions of Law, and Order dated November 2, 2011, the Findings of Fact, Conclusions of Law, and Order dated June 27, 2012 and are subject to the conditions and limitations stated in this Order.

**PUBLIC SERVICE COMMISSION**



**Kevin Cramer  
Commissioner**



**Brian P. Kalk  
Chairman**



**Bonny M. Fetch  
Commissioner**

**PUBLIC SERVICE COMMISSION**  
**STATE OF NORTH DAKOTA**

**Second Amended**  
**Certificate of Corridor Compatibility Number 125**

*This is to certify that the Commission has designated a transmission facility corridor for Hiland Operating, LLC, for the construction of a 14.1 mile, 8-inch pipeline and associated facilities in McKenzie County, North Dakota, for the transmission of natural gas liquids.*

*This certificate is issued in accordance with the Order of this Commission dated November 2, 2011 in Case No. PU-10-554 and amended with the Order of this Commission dated June 27, 2012 and September 5, 2012, is subject to the conditions and limitations noted those Orders.*

*Bismarck, North Dakota, September 5, 2012.*

**ATTEST:**

**PUBLIC SERVICE COMMISSION**

  
**Executive Secretary**

  
**Commissioner**

**PUBLIC SERVICE COMMISSION  
STATE OF NORTH DAKOTA**

**Second Amended  
Route Permit Number 134**

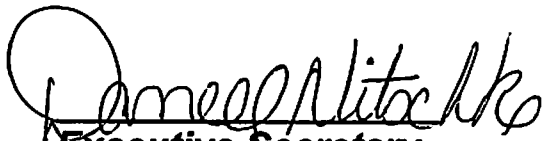
*This is to certify that the Commission has designated a transmission facility route for Hiland Operating, LLC for the construction of a 14.1 mile, 8-inch pipeline and associated facilities in McKenzie County, North Dakota, for the transmission of natural gas liquids.*

*This permit is issued in accordance with the Order of this Commission dated November 2, 2011 in Case No. PU-10-554 and amended with the Order of this Commission dated June 27, 2012 and September 5, 2012, and is subject to the conditions and limitations noted in those Orders.*

*Bismarck, North Dakota, September 5, 2012.*

**ATTEST:**

**PUBLIC SERVICE COMMISSION**

  
**Executive Secretary**

  
**Commissioner**