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July 8, 2014

Via Hand Delivery

Mr. Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
600 East Boulevard Avenue, Dept. 408
Bismarck, ND 58505-0480

In re: Belle Fourche Pipeline Company
Dickinson Loop Pipeline Project
Case No.: PU-14-135
Our File No.: 13-084-006

Dear Mr. Nitschke:

Please find enclosed for filing the Proposed Findings of Fact, Conclusions of Law and Order in the captioned case.

If you have any questions, please let me know. Thank you.

Sincerely,

John W. Morrison

lh
enc.

cc (via email): Ken Dockweiler
Kathleen Spilman

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

Belle Fourche Pipeline Company
10-inch Crude Oil Pipeline – Billings, Dunn, and Stark Counties
Siting Application

CASE NO. PU-14-135

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

_____, 2014

Appearances

Commissioners Brian P. Kalk, Randy Christmann, Julie Fedorchak

John W. Morrison, Attorney at Law, Crowley Fleck PLLP, 100 West Broadway, Suite 250, Bismarck, North Dakota 58501 on behalf of the Applicant, Belle Fourche Pipeline Company

Brian Schmidt, Special Assistant Attorney General, P. O. Box 460, Bismarck, North Dakota 58502-0460, Legal Counsel for the Public Service Commission.

Julie Prescott, Compliance and Competitive Markets Division, North Dakota Public Service Commission, 600 East Boulevard, Bismarck, North Dakota 58505

Wade C. Mann, Administrative Law Judge, Office of Administrative Hearings, 2911 North 4th Street, Suite 303, Bismarck, ND 58503, as Procedural Hearing Officer.

Preliminary Statement

Under North Dakota Century Code §49-22-07, a utility may not begin construction of a transmission facility in the state without first having obtained a route permit. The facility must be constructed, operated, and maintained in conformity with the permit and any terms, conditions, or modifications of the permit.

On March 20, 2014 Belle Fourche Pipeline Company (“Belle Fourche”) filed an application for a certificate of corridor compatibility and an application for a route permit for the construction of a 20-mile, 10-inch crude oil pipeline in Billings, Dunn and Stark Counties, North Dakota. Belle Fourche also filed an application for waivers of procedures and time schedules established under North Dakota Century Code Sections 49-22-07.2, 49-22-08(5), 49-22-08.1(5),

49-22-13 and North Dakota Administrative Code Section 69-06-01-02 requiring separate filings, separate notices and separate hearings on such applications.

On April 23, 2014, the Commission found the applications complete and issued a Notice of Filings and Notice of Hearing scheduling a public hearing on June 23, 2014 at 9:00 a.m. MST at the Dickinson State University Student Center, 900 Campus Drive Ballroom B, Dickinson, North Dakota 58601.

The issues to be considered in Belle Fourche's request for a waiver of procedures and time schedules are as follows:

1. Are the proposed facilities of such length, design, location, or purpose that they will produce minimal adverse effects such that adherence to the 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 issues to be considered in Belle Fourche's applications for certificate of corridor compatibility and route permit are as follows:

1. Will the location, construction, and operation of the proposed facilities produce minimal adverse affects 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?

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

Findings of Fact

1. Belle Fourche is a Wyoming corporation authorized to transact business in the State of North Dakota.
2. Belle Fourche is the operator of both the Skunk Hills Station in Billings County, North Dakota and the Dickinson Station in Stark County, North Dakota.

Size, Type and Preferred Location of Facility

3. Belle Fourche proposes to construct a new 10-inch crude oil pipeline to parallel an existing 6-inch pipeline which connects the Skunk Hills Station to the Dickinson Station. Crude oil delivered to the Dickinson Station can then be

delivered to either the Bakken Oil Express Rail Facility for further rail transportation to crude oil markets or to the Dakota Prairie Refinery in Stark County, North Dakota.

Need for Facility

4. Oil production in Western North Dakota has more than tripled in the last three years. The proposed 10-inch pipeline will increase the capacity on the system by 100,000 barrels per day on an annual average. Alternatives to proposed pipeline consist primarily of trucking the crude oil which causes additional wear and tear on county and state roads. Transporting the crude oil by pipeline is a more efficient and safer mode of transportation.

Study of Preferred Location

5. North Dakota Administrative Code Chapter 69-06-08 sets forth certain criteria to guide the Commission in evaluating the suitability of granting an application for a certificate of corridor compatibility and route permit. The criteria as set forth in North Dakota Administrative Code Section 69-06-08-02 are classified as Exclusion Areas, Avoidance Areas, Selection Criteria and Policy Criteria. A transmission facility route must not be sited within an Exclusion Area. A transmission facility route must not be sited within an Avoidance Area unless the applicant demonstrates that under the circumstances there are no reasonable alternatives. In determining whether an Avoidance Area shall be designated for a facility, the Commission may consider, among other things, the proposed management of adverse impacts; the orderly siting of facilities; system reliability and integrity; the efficient use of resources; and alternative routes. In accordance with the Commission's Selection Criteria, a transmission route shall be approved if it is demonstrated that no significant adverse impacts will result from the location, construction, and maintenance of the transmission facility. In accordance with the Commission's Policy Criteria, preference may be given to an applicant demonstrating certain benefits of the transmission facility.
6. Belle Fourche conducted desk-top studies of a one-mile wide corridor centered on the proposed pipeline route for the exclusion, avoidance, selection and policy criteria of the Commission. Belle Fourche also conducted pedestrian surveys for archeological and cultural resources over a 250-foot wide area centered on the proposed pipeline route and conducted field surveys using a 500-foot wide area centered on the proposed pipeline for botany and a one-mile wide area for wildlife.

7. The only exclusion area included within the one mile-wide corridor is the Patterson Lake recreation area which is approximately one-half mile from the south end of the proposed pipeline.
8. The only avoidance areas included within the corridor are three occupied residences within 500 feet of the proposed route, and Belle Fourche has obtained and filed waivers from the owners of all three of these residences.

Mitigation to Minimize Impact

9. Belle Fourche will construct the pipeline in a manner to reduce impact on the human environment and will take reasonable steps to prevent erosion and minimize the impact on vegetation, wildlife, and water resources. Belle Fourche has determined through a consultant, and the State Historic Preservation Officer has agreed, that the construction of the pipeline will not impact any historic properties.
10. Belle Fourche will have personnel available in the Dickinson area to respond to any conditions 24 hours a day, seven days a week. Valves will allow the pipeline to be quickly shut down in the event of any system failure. A SCADA system will report pipeline operations and facilitate early response to any breach or failure of the pipeline.
11. Belle Fourche has agreed to a number of steps to mitigate the impact of the Project as indicated by the Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications.
12. Belle Fourche will use environmental monitors and inspectors to comply with all applicable permits.

From the foregoing Findings of Fact, the Hearing Officer makes the following:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Belle Fourche, and over the subject matter of this application under North Dakota Century Code Chapter 49-22.
2. Belle Fourche is a utility as defined in North Dakota Century Code Section 49-22-03(13).

3. The pipeline proposed to be constructed by Belle Fourche is a transmission facility as defined in North Dakota Century Code Section 49-22-03(12).
4. The location, construction, and operation of the pipeline as a transmission line will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The pipeline corridor and route are compatible with the environmental preservation and the efficient use of resources.
6. The pipeline corridor and route 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, as defined under North Dakota Century Code Section 49-22-07.2.

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

Order

The Commission orders:

1. Belle Fourche's application for waiver of procedures and time schedules is granted.
2. Belle Fourche is issued Certificate of Corridor Compatibility for a Transmission Facility Corridor No. ___ and Route Permit for Construction of a Transmission Facility No. ___ to construct the facilities necessary to convert the pipeline to a transmission line.
3. Belle Fourche shall obtain approval from the Commission or Commission staff prior to any changes or deviations to the pipeline route.
4. The Certificate of Compatibility for a Transmission Facility Corridor No. ___ and Route Permit for Construction of a Transmission Facility No. ___ are effective for the life of the Pipeline, but are subject to modification by order of the Commission if deemed necessary to further protect the public or the environment.
5. Belle Fourche shall comply with all the rules and regulations of all other agencies having jurisdiction over any phase of the proposed project. Prior to commencing construction of any phase of the proposed project, Belle Fourche shall obtain all

other necessary licenses and permits for construction of such phase, and provide copies to the Commission prior to construction of each phase.

6. Belle Fourche shall conduct a preconstruction conference to be held prior to the commencement of any construction. The conference must include a Belle Fourche representative, Belle Fourche's construction supervisor, and Commission staff, to ensure that Belle Fourche fully understands the conditions set forth in this order.
7. Belle Fourche shall comply with the Certification Relating to Order Provisions – Pipeline Siting filed in this proceeding and attached hereto.
8. Belle Fourche shall notify the Commission as soon as reasonably possible if any damage, as defined by North Dakota Century Code Chapter 49-23, occurs to underground facilities during construction conducted under the certificate issued in this proceeding. In the event of any damage to underground facilities, Belle Fourche shall suspend construction in the vicinity of the damage until compliance with One-Call Excavation Notice System requirements under North Dakota Century Code Chapter 49-23 has been determined and clearance to proceed has been given by the Commission.
9. The route permit is subject to suspension or revocation and may, after hearing, be suspended or revoked for failure to comply with the Commission's order, requirements of the One-Call Excavation Notice System under North Dakota Century Code Chapter 49-23, the conditions and criteria of the permit or subsequent modification, or failure to comply with applicable statutes or rules, regulations, standards, and permits of other state or federal agencies.

Dated this ___ day of _____, 2014.

PUBLIC SERVICE COMMISSION

Randy Christmann
Commissioner

Brian P. Kalk
Chairman

Julie Fedorchak
Commissioner