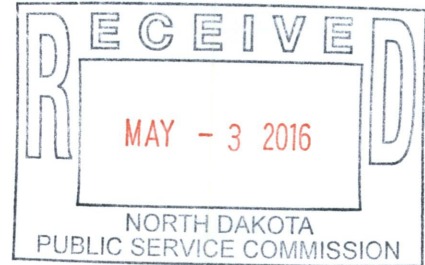


May 3, 2016

VIA HAND DELIVERY

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



**RE: Sacagawea Pipeline Company, LLC —
Case Number PU-15-744**

Dear Mr. Nitschke:

Enclosed for filing in the above referenced matter on behalf of Sacagawea Pipeline Company, LLC, please find an original and ten (10) copies of the following:

- [Proposed] Findings of Fact, Conclusions of Law and Order; and
- Certificate of Service.

Electronic versions of the above-referenced documents are also provided. Should you have any questions, please advise.

Sincerely,

DANIELLE M. KRAUSE

Enclosures

cc: Zack Pelham (via e-mail)
Julie Prescott (via e-mail)

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54 **PU-15-744** Filed: 5/3/2016 Pages: 11
Proposed Findings of Fact, Conclusions of Law and Order

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Sacagawea Pipeline Company, LLC
16-inch Crude Oil Pipeline – McKenzie County
Siting Application

Case No. PU-15-744

[PROPOSED] FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

May ____, 2016

Appearances

Commissioners Julie Fedorchak, Randy Christmann, and Brian P. Kalk.

Danielle M. Krause, Attorney at Law, Fredrikson & Byron, P.A., 1133 College Drive, Suite 1000, Bismarck, North Dakota 58501, on behalf of Sacagawea Pipeline Company, LLC.

Zachary E. Pelham, Special Assistant Attorney General, Legal Counsel for Public Service Commission, 314 E. Thayer Avenue, Bismarck, North Dakota 58502.

Kevin Pranis, 81 East Little Canada Road, St. Paul, Minnesota 55117, on behalf of Intervenor, Laborers District Council of Minnesota and North Dakota.

Patrick J. Ward, Administrative Law Judge, Zuger Kirmis & Smith, 316 North Fifth Street, PO Box 1695, Bismarck, North Dakota 58502.

Preliminary Statement

On November 20, 2015, Sacagawea Pipeline Company, LLC (“Sacagawea”), filed with the North Dakota Public Service Commission (“Commission”) a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Application”) for an approximately 13-mile, 16-inch crude oil pipeline and associated facilities in McKenzie County, North Dakota (the “Project”). This portion of the Project will transport crude oil between a service site at a location near Johnson’s Corner, North Dakota and Paradigm Midstream Services Keene Crude Oil Terminal located 2.5 miles south of Keene, North Dakota.

Also on November 20, 2015, in connection with the Application, Sacagawea filed an application for waiver of procedures and time schedules established under North Dakota Century Code sections 49-22-07.2, 49-22-08, 49-22-08.1, 49-22-13, and North Dakota Administrative Code chapter 69-06-06 and section 69-06-01-02, requiring separate filings and applications for a certificate of corridor compatibility and a route permit, separate notice of such applications, separate hearings on such applications, and certain time schedules.

On January 29, 2016, the Laborers’ District Council of Minnesota and North Dakota filed a Petition to Intervene (“Petition”) in support of the Project.

On February 10, 2016, the Commission deemed Sacagawea's Application complete and issued a Notice of Filings and Public Hearing scheduling a hearing for April 19, 2016, at 9:00 a.m. CST at Teddy's Residential Suites, 113 9th Avenue SE, Watford City, North Dakota 58854.

Also on February 10, 2016, Sacagawea filed an Amendment of the Pipeline Siting Application for the Project identifying an additional pipeline segment to be added to the Project ("Amended Application"). In addition to the 13-mile pipeline identified in the Application, the Amended Application added to the Project an approximately 2-mile long segment that will originate from a location near Johnson's Corner, North Dakota and terminate at an interconnection with the Dakota Access Pipeline. As a whole, the Project will be approximately 15 miles in length. Hereinafter, all references to the Project refer to the pipeline discussed in the Application and the Amended Application.

On February 24, 2016, the Commission issued a Notice of Amended Filings and Public Hearing ("Notice") again noticing the hearing for April 19, 2016, at 9:00 a.m. CST at Teddy's Residential Suites, 113 9th Avenue SE, Watford City, North Dakota 58854.

The Notice identified the following issues to be considered with respect to the 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 the Application:

1. Will the location 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 March 31, 2016, the Petition of the Laborers' District Council of Minnesota and North Dakota was granted.

On April 19, 2016, the hearing was held as scheduled.

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. Sacagawea is a Delaware limited liability company authorized to do business in the State of North Dakota, as evidenced by the corporate papers filed with the Commission on June 8, 2015, in Case No. PU-15-115.
2. Sacagawea is a joint venture between Paradigm Energy Partners, LLC (“Paradigm”), Phillips 66 Partners, LP (“Phillips 66”), and Grey Wolf Midstream, LLC.

Need for the Facility

3. Sacagawea determined there is a need for the Project because the Project will interconnect with the approximately 70-mile long Sacagawea Pipeline project approved in Case No. PU-15-114 on January 5, 2016. The Project will also provide an interconnection with the Dakota Access Pipeline, which the Commission approved on January 20, 2016.

Size, Type, and Preferred Location of Facility

4. The Project consists of approximately 15 miles of 16-inch steel pipeline and associated facilities to be located in McKenzie County, North Dakota.
5. The Project includes approximately 13 miles of 16-inch steel pipeline, which will originate at a service site at a location near Johnson’s Corner, North Dakota and Paradigm Midstream Services Keene Crude Oil Terminal located 2.5 miles south of Keene, North Dakota. The Project also includes a 2-mile long segment that will originate at Johnson’s Corner and terminate at an interconnection with the Dakota Access Pipeline. The Project will be constructed for bi-directional flow.
6. The proposed pipe will have a 16-inch outside diameter and wall thickness of 0.312-inches for line pipe and 0.375-inches for bore pipe.
7. The maximum operating pressure of the pipeline will be 1,440 pounds per square inch. The maximum design flow rate of the Project will be 100,000 barrels of oil per day.
8. Above-ground facilities will consist of one mainline block valve, pig launchers and receivers, pipeline markers, and rectifiers.
9. Selection of the route for the Project was based on a multifaceted approach which will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota. The route is also compatible with environmental preservation and the efficient use of resources. Approximately 6.5 miles of the Project will be located within the same corridor and permanent easement as the previously approved project in Case No. PU-15-114, known as the Sacagawea Pipeline Project. Sacagawea further worked with landowners to ensure that the

Project is placed in the preferred location of each landowner so as to minimize impacts to the environment and current land uses. Sacagawea reviewed the Exclusion and Avoidance Areas of the Commission and routed the Project to avoid impacts to Exclusion and Avoidance Areas.

10. The design, construction, and operation of the pipeline will be in accordance with the United States Department of Transportation (“USDOT”) regulations governing the transportation of crude oil, including USDOT regulations as set forth in 49 Code of Federal Regulations Part 195.

11. The total anticipated cost of the Project is approximately \$22.8 million.

Study of Preferred Location

12. Sacagawea evaluated a one-mile-wide study area centered on the route (“Study Area”) for exclusion and avoidance areas, including federal and state parks, protected and sensitive plants and animals, wildlife, and civil and social structures such as recreational areas, rural homes, and farmsteads.

13. Field surveys were conducted on a typically 200-foot-wide area centered on the route (“Survey Area”) to inventory any potential resource issues such as wetlands, water bodies, protected species, critical habitats, and/or cultural resources. Additionally, environmental data collected included information on soils, land use, wetlands and waterbody crossings, noxious weeds, and protected species and habitats. Additional areas were surveyed as necessary in locations where additional workspace and corridor is requested, as depicted in Exhibit 2, Tab A4, Appendix 4.C.

14. Sacagawea conducted a Class I cultural resource literature search on the Study Area and a Class III cultural resources field inventory on the Survey Area.

15. The following agencies were contacted by Sacagawea regarding the Project, pursuant to North Dakota Administrative Code § 69-06-01-05, to which comments were received: the North Dakota Parks and Recreation Department (“NDPRD”); the North Dakota Game and Fish Department (“NDGFD”); the United States Air Force – Minot Air Force Base (“USAF”); the North Dakota State Water Commission; and the North Dakota Department of Health (“NDDOH”).

16. In a response dated October 8, 2015, the USAF noted it has no assets in the area of the Project.

17. In a response dated October 22, 2015, the NDDOH recommended that measures be taken to minimize fugitive dust emissions and that associated complaints be responded to in an efficient and effective manner; that care should be taken during construction activities near waters of the state to minimize impacts to water bodies from disturbance, reclamation, and oil, gas, or fuel spills associated with construction equipment; that a stormwater discharge permit may be necessary; that construction should not take place during early morning or late evening hours and that noise levels be minimized by use of mufflers on construction equipment; and that

spills be restricted from reaching surface waters, that a spill response plan be developed, and that the pipeline be properly monitored for leaks.

18. In a response dated October 26, 2015, the North Dakota State Water Commission noted that there are no floodplains identified and/or mapped in the Project area and no sole-source aquifers designated in North Dakota. The State Water Commission stated that it is the duty of Sacagawea to contact all local, state, and federal agencies for required approvals, permits, and easements, and that all waste materials associated with the Project must be disposed of properly. The State Water Commission also noted that there may be observation/monitor water wells or gaging stations in the area, with impacts by the Project to these structures to be reported.

19. In a response dated November 4, 2015, the NDGFD indicated that various wetlands are located within the proposed project corridor, and recommended that steps should be taken to protect any wetlands that cannot be avoided, that no alterations should be made to existing drainage patterns, that above-ground appurtenances should not be placed in wetland areas, and that unavoidable destruction or degradation of wetland acres should be mitigated in kind. The NDGFD indicated that the Project should not have any significant adverse effects on wildlife or wildlife habitat, including species of concern, provided the recommendations of the NDGFD are implemented where appropriate and disturbed areas are reclaimed to pre-project conditions.

20. In a response dated November 4, 2015, the NDPRD indicated that the Project will not affect state park lands managed by the NDPRD or Land and Water Conservation Fund recreation projects coordinated by the NDPRD.

21. Additional notifications were initiated with respect to the segment contemplated in the Amended Application, with comments being received from the North Dakota State Water Commission and the McKenzie County Planning and Zoning Department.

22. In a response dated February 1, 2016, the McKenzie County Planning and Zoning Department noted that all transmission pipelines within the County require a Conditional Use Permit.

23. In a response dated February 5, 2016, the North Dakota State Water Commission noted that there are no floodplains identified and/or mapped in the Project area and the Project takes place in a No Special Flood Hazard Area in North Dakota. The State Water Commission stated that it is the duty of Sacagawea to contact all local, state, and federal agencies for required approvals, permits, and easements, and that all waste materials associated with the Project must be disposed of properly.

Siting Criteria

24. The Commission has established criteria pursuant to North Dakota Century Code Section 49-22-05.1 to guide the Commission in evaluating the suitability of granting 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.

25. Sacagawea evaluated the Project for the Exclusion, Avoidance, Selection, and Policy criteria of the Commission.

26. An Exclusion Area may not encompass more than fifty percent of a corridor width unless there is no reasonable alternative. An Exclusion Area must be excluded in the consideration of a route for a transmission facility. A buffer zone of a reasonable width to protect the integrity of an Exclusion Area must be included in the siting of the transmission facility.

27. The Project contains no Exclusion Areas within the Study Area or the Survey Area, and no Exclusion Areas are crossed by the Route. No Exclusion Areas will be impacted by the Project.

28. An Avoidance Area is a geographic area that may not be considered in the routing of a transmission facility unless the application shows that, under the circumstances, there is no reasonable alternative. In determining whether an Avoidance Area should be designated for a transmission 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.

29. The Little Missouri National Grassland is located within the Study Area, but is not crossed by the route.

30. Historical resources which are not specifically designated as exclusion or avoidance areas are present within the Survey Area and Study Area. Specifically, archeological sites were identified within the Study Area, but none are located within the Survey Area or will be crossed by the Route.

31. No Avoidance Areas will be impacted by the Project.

32. Wetland surveys were completed for the proposed route. Wetlands and waterbodies are present within the Survey Area and will be crossed by the route. Sacagawea will take steps to protect wetlands and waterbodies, and no permanent impacts to wetlands or waterbodies are anticipated.

33. In accordance with the Commission's Selection Criteria, a transmission facility route shall be approved if it is demonstrated that any significant adverse effects that will result from the location, construction, and maintenance of the transmission facility will be at an acceptable minimum or managed and maintained at an acceptable minimum. Sacagawea has analyzed the impacts of the Project in relation to all of the relevant Selection Criteria. The Project will have no significant adverse effects on the Commission's Selection Criteria.

34. In accordance with the Commission's Policy Criteria, preference may be given to an application demonstrating certain benefits of the transmission facility. Sacagawea has analyzed the relevant policy criteria and has committed to: designing, constructing, and operating the pipeline in accordance with all applicable federal, state, and local laws and regulations; energy

conservation through the facility's location, process, and design; training and utilizing available labor in the state; constructing the Project to take advantage of economies of scale; achieving capacity in the most minimally intrusive and most efficient way possible; and coordinating with state and local officials. Sacagawea submitted evidence to demonstrate its commitment to maximize the benefits of the proposed transmission facility to the extent possible so as to meet the Policy Criteria.

Measures to Minimize Impact

35. Sacagawea provided evidence that a supervisory control and data acquisition system ("SCADA") will be installed as part of the Project, and operations will be continuously monitored by a control center in Bartlesville, Oklahoma.

36. Sacagawea testified that the company has contracted with Clean Harbors Environmental Services, a private contractor, to provide emergency spill response, and is in the process of obtaining contracts with JMAC Resources and Absorbent Safety Solutions.

37. Sacagawea testified that Paradigm and Phillips 66 are members of the Sakakawea Area Spill Response (SASR) Company, LLC.

38. Sacagawea testified that trained emergency response personnel will be stationed at the Keene and Palermo facilities.

39. Sacagawea testified that it will participate in the North Dakota One-Call notification system.

40. Sacagawea has agreed to a number of steps to mitigate the impact of the Project, as indicated by the executed Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications, which is incorporated by reference and attached to this Order.

41. The Project's permanent right-of-way ("ROW") will typically be 50 feet wide, while its temporary construction ROW will be 100 feet wide. Areas requiring additional construction ROW and a wider corridor are depicted in Exhibit 2, Tab A4, Appendix 4.C. Sacagawea will use existing public roads to access the construction ROW. Temporary roads may be constructed within the corridor as part of the Project.

42. The design, construction, and operation of the Project will be in accordance with the United State Department of Transportation regulations governing the transportation of crude oil, including U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration ("PHMSA") regulations as set forth in 49 C.F.R. Part 195.

43. PHMSA regulations require that at least 10% of the field welds be inspected using radiological (i.e., X-ray) and/or other non-destructive testing, such as checking coating. Sacagawea testified that 100% of all field welds will be tested.

44. The design, construction, and operation of the Project will be in accordance with any applicable Occupational Safety and Health Administration excavation standards, 29 C.F.R. Part 1926, containing requirements for excavation and trenching operations.

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

Conclusions of Law

1. The Commission has jurisdiction over Sacagawea and the subject matter of the Application under Chapter 49-22 of the North Dakota Century Code.
2. Sacagawea is a utility as defined in Section 49-22-03(13) of the North Dakota Century Code.
3. The Project 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 Section 49-22-07.2 of the North Dakota Century Code.
8. It is appropriate for the Commission to waive those certain procedures and time schedules as requested in the application for waiver of procedures and time schedules and pursuant to North Dakota Century Code Section 49-22-07.2 and North Dakota Administrative Code Chapter 69-06-06.

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

Order

1. Sacagawea's application for a waiver of procedures and time schedules is granted.
2. Certificate of Corridor Compatibility No. ___ is issued to Sacagawea Pipeline Company, LLC designating a corridor for the construction, operation, and maintenance of approximately 15 miles of 16-inch diameter crude oil pipeline and associated facilities in McKenzie County, North Dakota. The Corridor will consist of a typical 200-foot-wide corridor centered on the pipeline

route as surveyed, and will also include the additional areas surveyed as depicted in Exhibit 2, Tab A4, Appendix 4.C.

3. Route Permit No. ____ is issued to Sacagawea Pipeline Company, LLC designating a route for the construction, operation, and maintenance of approximately 15 miles of 16-inch diameter crude oil pipeline and associated facilities in McKenzie County, North Dakota. The designated route for this purpose is depicted in Hearing Exhibit 2.

4. The April 12, 2016, Certification Relating to Order Provisions – Transmission Facility Siting (“Certification”), with accompanying Tree and Shrub Mitigation Specifications, is incorporated by reference and attached to this Order.

5. To the extent that there are any conflicts or inconsistencies between Sacagawea’s Applications in this proceeding and the Certification, the Certification provisions control.

**State of North Dakota
Public Service Commission**

**Randy Christmann
Commissioner**

**Julie Fedorchak
Chairman**

**Brian Kalk
Commissioner**

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

**Sacagawea Pipeline Company, LLC
16-Inch Crude Oil Pipeline – McKenzie County
Siting Application**

CASE NO. PU-15-744

CERTIFICATE OF SERVICE

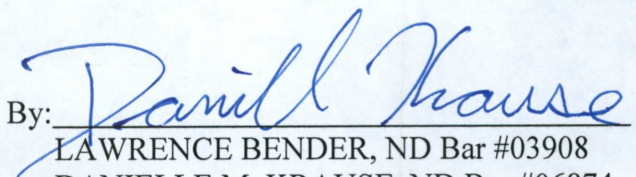
I, the undersigned, hereby certify that true and correct copies of the following documents:

1. [Proposed] Findings of Fact, Conclusions of Law and Order;
2. Late-Filed Exhibit 1 – Spill History of Phillips 66; and
3. Late-Filed Exhibit 2 – Letters from Keitu Engineers & Consultants, Inc. and Metcalf Archaeological Consultants, Inc. regarding site 32MZx097

were on the 3rd day of May, 2016 served by placing the same in the United States mail, postage prepaid, properly addressed to the following:

Mr. Todd Pufahl
Laborers District Council of Minnesota & North Dakota
81 East Little Canada Road
St. Paul, MN 55117

By:



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