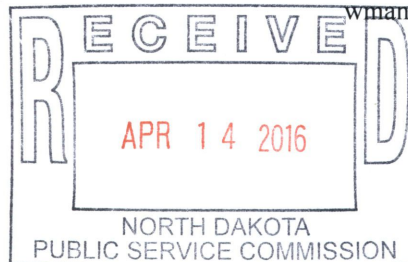


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April 14, 2016

Hand Delivery

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



In re: Cenex Pipeline, LLC
Cenex Prosper Terminal Project
Cass County
Case No. PU-15-798
Our File No. 20-569-017

Dear Mr. Nitschke:

Enclosed for filing are eleven copies of Cenex Pipeline, LLC's Proposed Findings of Fact, Conclusions of Law and Order in the captioned case.

Please call should you have any questions. Thank you.

Sincerely,

Wade C. Mann

lh
enc.

cc: Zack Pelham (via email)
Patrick Ward (via email)
Mick Gee (via email)

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Cenex Pipeline, LLC
Cenex Prosper Terminal Project - Cass County
Siting Application**

Case No. PU-15-798

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

_____, 2016

Appearances

Wade Mann, Attorney at Law, Crowley Fleck PLLP, 100 West Broadway, Suite 250, Bismarck, North Dakota 58501 on behalf of Cenex Pipeline, LLC.

Zachary E. Pelham, Special Assistant Attorney General, 314 East Thayer Avenue, Bismarck, North Dakota 58502, on behalf of the North Dakota Public Service Commission.

Patrick J. Ward, Administrative Law Judge, Office of Administrative Hearings, PO Box 1695, Bismarck, ND 58502-1695, as Substantive Hearing Officer.

Preliminary Statement

On December 22, 2015, Cenex Pipeline, LLC, ("Cenex") filed an application for a certificate of corridor compatibility and a route permit concerning a refined petroleum products storage and distribution facility to be constructed on approximately 63 acres near Prosper, North Dakota. The company 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, 49-22-08.1, 49-22-13, and North Dakota Administrative Code section 69-06-01-02 and chapter 69-06-06, requiring separate filings, separate notices, separate hearings and certain time schedules of such applications.

On February 10, 2016, the Commission found the applications complete and issued a Notice of Filings and Notice of Hearing scheduling a public hearing on March 29, 2016, at 9:00 a.m. Central Time at the NDSU Harry D. McGovern Alumni Center, 1241 North University Drive, Fargo, ND 58102.

The Notice of Hearing identified the following issues to be considered in Cenex's request for a waiver of procedures and time schedules as follows:

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

1. Will the location 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?

On March 29, 2016, the hearing was held as scheduled.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed, and considered all the evidence presented, the undersigned Administrative Law Judge makes the following:

Findings of Fact

1. Cenex Pipeline, LLC is a Minnesota limited liability company authorized to transact business in the State of North Dakota as evidenced by corporate papers filed with the Commission on January 22, 2016 in Case No. PU-16-044.

Need for Facility

2. Between 2007 and 2013, consumption of petroleum products in North Dakota increased significantly, from 26.4 million barrels per year to 40.7 million barrels per year. The increased demand is expected to continue or increase during the next ten years. The proposed Prosper Terminal Project (Project), in conjunction with NuStar Pipeline Operating Partnership, L.P.'s (NuStar) recently approved Laurel Interconnect Pipeline, will provide additional storage and distribution capability between Cenex's existing pipeline and NuStar's existing North system. The storage provided by the Prosper Terminal will enhance the refined petroleum product supply capabilities of both systems, and better ensure that the systems can efficiently meet this increased refined petroleum products customer demand in eastern North Dakota and western Minnesota. If approved, the Project will enable Cenex to deliver refined petroleum

products to its customers in the Fargo-Moorhead area via either its existing system or NuStar's system and help mitigate seasonal market fluctuations, by creating another outlet for the product coming out of Cenex's Laurel refinery. The Project would also greatly enhance the ability to ensure the availability of refined petroleum products during high demand times by having additional storage for product reserves and will enable more efficient distribution of diesel fuel and gasoline within the state.

Size, Type and Preferred Location of Facility

3. The Project will be located on just over 63 acres of land approximately 1.3 miles southeast of the town of Prosper and immediately adjacent to Cenex's existing 8" refined petroleum products pipeline.

4. The Project includes a minor reconfiguration of the existing Cenex pipeline. The reconfiguration is approximately 2,300 feet and will be entirely within the Project boundary on land that will be owned by Cenex.

5. The proposed facilities will include three 145,000 barrel storage tanks and one 10,000 barrel tank to receive product from a mainline pressure release valve in the event of a pipeline upset condition. There will be an incoming receipt metering manifold for measurement of refined product, receipt and delivery valve manifolds in and out of the site tankage, a booster pump station used to deliver products from tankage to an adjacent pump station owned and operated by NuStar, a mainline pump station and delivery meters used to deliver products from tankage back to the existing Cenex 8" mainline that continues into a Magellan Terminal in West Fargo.

6. The Project will also include approximately one mile of electrical feeder supply to a control equipment building, a Supervisory Control and Data Acquisition system, a water storage pond for fire response capability and an office/shop.

7. The total anticipated cost of the Project is approximately \$17 million.

Study of Preferred Location

8. Cenex evaluated a study area one-mile in diameter around the perimeter of the proposed Project boundaries (Study Area) for soils, land use, wetlands and waterbodies, trees and shrubs, and protected species and critical habitats.

9. Cenex conducted a Class I cultural resource literature search on the Study Area on October 19, 2015.

10. Cenex conducted a Class III cultural resource survey and natural resource inventory on October 21, 2015 to gather information on soils, land use, wetlands, waterbody crossings, noxious weeds, trees and shrubs, and protected species and habitat.

11. Cenex contacted governmental agencies and entities, including the United States Fish and Wildlife Service, the United States Army Corps of Engineers, the United States Department of Defense, Grand Forks Air Force Base, the North Dakota Game and Fish Department, the North Dakota Parks and Recreation Department, the North Dakota Department of Trust Lands, the North Dakota Department of Health, the North Dakota State Water Commission, the North Dakota Department of Transportation, the Cass County Weed Control Board and the North Dakota State Historical Office.

12. In a response dated October 30, 2015, the United States Army Corps of Engineers indicated that a Section 10 permit will not be required for the Project.

13. In a response dated November 6, 2015, the North Dakota State Water Commission recommended that Cenex contact Raymond Township floodplain administrator concerning work within identified floodplains.

14. In a response dated November 20, 2015, the North Dakota Department of Transportation (NDDOT) indicated that the Project should have no adverse effect on NDDOT highways, and that any work within highway right-of-way will require authorization.

15. In a response dated November 23, 2015, the North Dakota Department of Health (NDDOH) indicated that environmental impacts associated with Project construction are expected to be minor and can be controlled by proper construction methods. 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 be taken during construction activities near waters of the state in order to minimize impacts to water bodies from disturbance 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; that noise levels be minimized by use of mufflers on construction equipment; that a spill response plan be developed; and that the pipeline be properly monitored for leaks. The NDDOH further indicated that no NDDOH owned land exists within or adjacent to the Project, does not have any projects scheduled within the Project area, and that the Project is consistent with the State Implementation Plan for the Control of Air Pollution for the State of North Dakota.

16. In a response dated November 20, 2015, the North Dakota State Historical Preservation Office (NDSHPO) concurred with a "No Significant Sites Affected" and "No Historic Properties Affected" recommendation for the Project. In a response dated December 9, 2015, NDSHPO confirmed that it had reviewed Cenex's Unanticipated Discovery Plan for Cultural Resources Identified document and found it acceptable.

Siting Criteria

17. 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.

18. Cenex evaluated the Project for the Exclusion, Avoidance, Selection, and Policy criteria of the Commission.

19. A transmission facility route must not be sited within an Exclusion Area. Exclusion areas may be located within a corridor, but at no given point may such an area or areas encompass more than fifty percent of the corridor unless there is no reasonable alternative.

20. No Exclusion Areas are present within the Survey Area.

21. A transmission facility route must not be sited within an Avoidance Area, unless the applicant shows that there is no reasonable alternative. In determining whether an avoidance area should be designated for a transmission facility route, 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.

22. No Avoidance Areas are present within the Survey Area.

23. In accordance with the Commission's Selection Criteria, a transmission facility route shall be approved only if it is determined that any significant adverse effects that will result from the location, construction and operation of the facility as they relate to the Selection Criteria will be at an acceptable minimum, or will be managed and maintained at an acceptable minimum. Cenex has analyzed the impacts of the Project in relation to all relevant Selection Criteria. No significant adverse impact will result from the location, construction and operation of the Project.

Mitigation to Minimize Impact

24. A supervisory control and data acquisition system will monitor pressure, flow and temperature 24 hours per day, 7 days per week from a control room in Laurel, Montana. The control center will have the ability to remotely shut down the Project. Automatic shutoff takes place in the event that backup systems go down and the line can also be shut down manually.

25. Cenex will have a full time employee at the Project who can respond to any issue.

26. Cenex will conduct inspections, including aerial inspections and inline inspections, in accordance with the requirements of PHMSA.

27. Cenex will coordinate with local authorities and emergency managers regarding emergency response measures.

28. Cenex participates in the North Dakota One-Call Excavation System and will utilize the system during construction to prevent any third-party damage to underground facilities.

29. Cenex also 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 which is incorporated by reference and attached to this Order.

30. Cenex will use environmental monitors and inspectors to comply with all applicable permits.

From the foregoing Findings of Fact, the undersigned Administrative Law Judge makes the following:

Conclusions of Law

1. The Commission has jurisdiction over this proceeding under North Dakota Century Code Chapter 49-22.

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

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 the 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, as defined under North Dakota Century Code Section 49-22-07.2 and it is appropriate for the Commission to waive those certain procedures and time schedules as requested in the Application pursuant to North Dakota Century Code section 49-22-07.2

From the foregoing Findings of Fact and Conclusions of Law, the undersigned Administrative Law Judge now issues the following:

Recommended Order

1. Cenex's application for waiver of procedures and time schedules is granted.
2. Certificate of Corridor Compatibility No. ___ is issued to Cenex designating a corridor for the construction, operation and maintenance of the approximately 2,300 foot reconfiguration of the Cenex 8-inch steel transmission pipeline and the associated Prosper Terminal facilities in Cass County, North Dakota. For purposes of the Certificate, the designated Corridor is depicted as "Reconfigured 8" Cenex Pipeline" on the Prosper Terminal Site Plan contained in Appendix A of Hearing Exhibit No. 1.
3. Route Permit No. ___ is issued to Cenex designating a route for the construction, operation and maintenance of the approximately 2,300 foot reconfiguration of the Cenex 8-inch steel transmission pipeline and the associated Prosper Terminal facilities in Cass County, North Dakota. For purposes of the Permit, the designated Route is depicted as "Reconfigured 8" Cenex Pipeline" on the Prosper Terminal Site Plan contained in Appendix A of Hearing Exhibit No. 1.
4. The March 22, 2016 Certification Relating to Order Provisions – Transmission Facility Siting (Certification) and accompanying Tree and Shrub Mitigation Specifications is incorporated by reference and attached to this Order.
5. To the extent there are any conflicts or inconsistencies between Cenex's Applications and the Certification, the Certification provisions control.
6. Cenex is required to comply with the applicable laws, rules and or regulations in the event it desires to construct another or a different transmission facility than was specified in the application within the corridor granted in this proceeding.

Dated this _____ day of April, 2016.

State of North Dakota
Public Service Commission

Patrick J. Ward
Administrative Law Judge