

SERVICE DATE
Jan 23, 2017

PSC REF#: 297040

Public Service Commission of Wisconsin
RECEIVED: 01/23/17, 1:58:01 PM

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Gas LLC, as a Gas Public Utility, for Authority to Install Natural Gas High Pressure Main in the Towns of Dallas, Sioux Creek, and Dovre, in Barron County, Wisconsin

6650-CG-252

FINAL DECISION

This is the Final Decision in the application of Wisconsin Gas LLC (WG) for authority to provide natural gas service in the town of Sioux Creek, and to construct natural gas main facilities in the towns of Dallas, Sioux Creek, and Dovre in Barron County, Wisconsin. The application is APPROVED, subject to conditions.

Background

On November 23, 2015, pursuant to Wis. Stat. § 196.49 and Wis. Admin. Code ch. PSC 133, WG, as a natural gas public utility, filed an application with the Commission to provide natural gas service in the town of Sioux Creek, and to construct natural gas facilities in the towns of Dallas, Sioux Creek, and Dovre in Barron County, Wisconsin. ([PSC REF#: 278300](#).) WG proposes to construct the facilities to add deliverability to the existing Chetek and Dovre service areas. The estimated cost of the project is \$10.43 million, including Allowance for Funds Used During Construction (AFUDC).

On August 11, 2016, a Notice of Investigation was issued in this docket. ([PSC REF#: 290047](#).) The Commission's Notice of Investigation opening this docket stated that the Commission intended to conduct this investigation without a hearing. Northern Natural Gas

(NNG) requested¹ and was granted² party status in the docket. NNG did not request a hearing, and no hearing was required nor held. Pursuant to Wis. Stat. § 196.49(5r)(b), the Commission is required to take final action on the application within 90 days after the Commission issues a notice opening the docket, unless an extension of time of no more than 90 days is granted by the Commission Chairperson. On October 26, 2016, the Commission Chairperson granted a 90-day extension. ([PSC REF#: 293749.](#))

Findings of Fact

1. WG is a natural gas public utility engaged in providing natural gas service in Wisconsin, including approximately 10,773 customers in Barron County.
2. WG's proposed project includes construction of natural gas main facilities in the towns of Dallas, Sioux Creek, and Dovre in Barron County, Wisconsin. WG would install approximately 9.5 miles of 6-inch steel main and a new district regulator station at an estimated cost of \$10.43 million.
3. WG currently possesses the rights to serve the towns of Dallas and Dovre, and as part of this project, requests a new franchise in the town of Sioux Creek. The town of Sioux Creek has authorized WG to provide natural gas service within the municipality.³
4. No significant environmental consequences are associated with the proposed project.

¹ [PSC REF#: 290537.](#)

² [PSC REF#: 291385.](#)

³ [PSC REF#: 280344.](#)

5. Critical proposed facilities that could be damaged by flooding are not located in the 100-year flood plain. Consequently, there is no flood risk to the project per 1985 Executive Order 73 (Order 73).

6. Alternatives to the proposed project have been considered, but no other reasonable alternatives exist that could provide adequate service in a more reliable, timely, cost-effective, and environmentally responsible manner.

7. Energy conservation, renewable resources, or other energy priorities listed in Wis. Stat. §§ 1.12 and 196.025 or their combination, are not cost-effective, technically feasible, or environmentally sound alternatives to the proposed project.

8. The general public interest and public convenience and necessity require completion of the proposed project. Completion of the proposed project at the estimated cost will not substantially impair the efficiency of WG's service, will not provide facilities unreasonably in excess of probable future requirements, and when placed in operation, will not add to the cost of service without proportionately increasing the value or available quantity thereof. Wis. Stat. § 196.49(3)(b).

Conclusions of Law

1. WG is a public utility as defined in Wis. Stat. § 196.01(5)(a).
2. The Commission has authority under Wis. Stat. §§ 1.11, 1.12, 196.02, 196.025, 196.395, 196.49, and 196.85, and Wis. Admin. Code chs. PSC 4 and 133, to issue a Certificate and Order authorizing WG, as a natural gas public utility, to provide service in the town of Sioux Creek and to construct and place in operation the facilities described in this Final Decision, subject to the conditions stated in this Final Decision.

3. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Division of Energy Regulation those functions vested by law as enumerated above. It has delegated the authority to the Administrator of the Division of Energy Regulation to issue a Certificate of Authority for the proposed project.

4. The estimated gross cost of the proposed project exceeds the minimum threshold of utility projects requiring Commission review and approval under Wis. Stat. §196.49 and Wis. Admin. Code ch. 133.

5. This is a Type III action under Wis. Admin. Code § PSC 4.10(3), and requires neither an environmental impact statement (EIS) under Wis. Stat. § 1.11 nor an environmental assessment (EA).

6. The Commission may impose any term, condition, or requirement necessary to protect the public interest pursuant to Wis. Stat. §§ 196.02, 196.395, and 196.49.

Opinion

WG is a natural gas public utility engaged in the business of selling and distributing natural gas to the public in Wisconsin.

WG's proposed project consists of installing natural gas main and associated facilities in the towns of Dallas, Sioux Creek, and Dovre, from the existing Wheeler to Rice Lake natural gas lateral. Natural gas would be supplied by Viking Gas Transmission Company (Viking). WG has franchise rights in the towns of Dallas and Dovre, and seeks franchise rights for the town of Sioux Creek to serve within the boundaries of the town.

WG is required to obtain authority from the Commission for the project under Wis. Stat. § 196.49 and Wis. Admin. Code ch. PSC 133, which require that a natural gas public utility

obtain Commission authorization to furnish service in a municipality in which the utility has not previously been authorized to serve. No natural gas public utility is currently authorized to serve in the town of Sioux Creek. In addition, the estimated gross project cost exceeds the \$2.5 million threshold stated in Wis. Stat. § 196.49 and Wis. Admin. Code ch. PSC 133.

Project Description and Purpose

WG's proposed project consists of installing a natural gas high pressure main consisting of approximately 9.5 miles of 6-inch steel pipe. Natural gas would move from WG's existing Wheeler to Rice Lake lateral in the town of Dallas, taking gas from Viking, and moving it along the proposed project to the town of Dovre, where it would join into WG's existing natural gas distribution system. This existing distribution system connects to the community of Chetek, north of Dovre. The project also includes the construction of a new district regulator station on the eastern end of the project where the lateral would join WG's existing natural gas distribution system. WG states that the easement associated with the proposed district regulator station would be approximately 215 by 215 feet, or approximately 1.06 acres, although the actual size may be modified in the final design. Other above-ground facilities, including a blowdown valve assembly, will require approximately 20 by 20-foot permanent easements; however, sites for these facilities have not been finalized. Most of the sites under consideration for these above-ground facilities would take land permanently out of its current use. Most of the sites under consideration are crop fields, with one site considered for the district regulator station consisting of a pasture.

WG provided information on some of the alternative routes it considered for this project, as well as general reasons those alternative routes were not offered in the application. One route is proposed for the high-pressure main portion of the proposed project.

The proposed route:

- begins at the existing Wheeler Lateral located along County Trunk Highway (CTH) A in the town of Dallas;
- proceeds east on private property to the intersection of CTH U and 3rd Avenue, where it continues east in new easement adjacent to the existing right-of-way (ROW) along 3rd Avenue;
- briefly proceeds south on private property on the western side of Sioux Creek Cemetery, then east to the existing ROW of 19½ Street, where it turns south in new easement adjacent to the existing ROW;
- turns east in and proceeds in new easement adjacent to the existing ROW along 2½ Avenue;
- continues east on private property crossing the Red Cedar River to CTH I, where it turns and proceeds north in new easement adjacent to the existing ROW;
- turns east and proceeds in new easement adjacent to the existing ROW along CTH A (also known as 2¾ Avenue) to end at the intersection of CTH A and Novak Road.

WG's estimated gross project cost is \$10.43 million, which includes a 10 percent contingency and an estimate of \$442,000 for AFUDC.

Project Need

As discussed previously, WG initially filed its application for the proposed project on November 23, 2015. From January 22, 2016, through September 29, 2016, Commission staff issued seven written data requests regarding the proposed project including 59 separate questions. Of the 59 questions, a vast majority related to the need for, and economic justification

of the proposed project. While WG provided responses to individual data requests throughout the period, WG did not provide a comprehensive discussion of the need for the proposed project until the last of its responses were filed, on December 19, 2016. For future projects, the Commission encourages WG to provide a more comprehensive discussion of project need in its initial application. Doing so will help to ensure timely processing of the applications.

WG states that the proposed project will serve the following purposes, which are discussed in greater detail below:

- The project will increase deliverability to the existing Chetek and Dovre service areas to meet forecasted system sales demand growth.
- The project will address areas served by the existing Chetek lateral, which is constrained under design day conditions and would not be able to meet the forecasted demand of existing firm sales customers.

In addition, WG provided several economic justification analyses related to the proposed project.

Deliverability to Existing Service Areas and Design Day Considerations

WG proposes to install high-pressure gas main in order to increase deliverability to the existing Chetek and Dovre service areas to meet forecasted system sales demand growth. WG also states that industrial customer growth in the area has added transportation and interruptible sales demand to the area. These industrial customers are predominately sand mines and sand processing plants. In prior natural gas projects authorized by the Commission, concerns have been raised about using the projected demand from such customers as the basis for project

justification.⁴ Specifically, some customers have not begun operation as anticipated⁵ or have shut down or idled during times when markets are less favorable to sand production, thereby reducing anticipated demand and affecting the economics of the project.

WG states that the proposed project would also provide long-term access to gas supply that would meet the peak daily demand requirements in the area. WG states that the area served by the existing Chetek lateral is constrained under design day conditions, and would not be able to meet the forecasted demand of existing firm sales customers. WG states that by installing the proposed Dovre lateral, increased capacity resulting from the proposed project would meet the needs of existing customers, while providing more natural gas to the area for incremental growth.

In addition to Viking, WG also obtains gas for the existing Chetek and Dovre service areas from NNG. A discussion regarding whether additional capacity to meet design day conditions could be provided via the NNG system is included in the project alternatives section below.

Economic Justification

As part of its support for the application, WG provided an economic justification for the proposed project in the form of a net present value (NPV) analysis. The NPV analysis is structured to show the value of gas cost savings to customers if the Dovre lateral is built compared to other project alternatives, but is not a comparison against a no-build option.

⁴ See Final Decision for 6650-CG-233 – Callisto Dissent ([PSC REF#: 210462](#)), and memorandum for 6680-CG-154 ([PSC REF#: 229548](#)).

⁵ One of the planned customers of docket 6650-CG-246 has not taken service due to stated ‘unfavorable market conditions’ as stated in the response to data requests; 5.01 ([PSC REF#: 289165](#)), 5.02 ([PSC REF#: 289648](#)), and 5.04 ([PSC REF#: 289825](#)). In addition, one of the customers that formed a significant part of the demand for the Dovre lateral has idled operations, less than four years after starting operations, and similar trends with other projects have been seen. See [PSC REF#: 282403](#) – Schedule A for demonstrated loss of demand from Chieftain Sands in the response to data request 2.10 (Confidential) as well as data request 3.05 ([PSC REF#: 285258](#)) for discussions on wider shut-downs/idling.

Between WG's initial response to data request 2.07 Confidential ([PSC REF#: 282447](#)) and its most recent NPV analysis provided as part of the response to data request 7.01 Confidential ([PSC REF#: 294211](#)), changes by WG to project variables altered the results of the NPV analysis. WG states that its most recent NPV analysis shows that the proposed project would have gas cost savings of \$0.47 million to firm sales customers over the 55-year life of the project, compared to acquiring additional capacity from NNG.

Because WG's NPV analysis includes natural gas consumption and load growth projections, the economics of the proposed project will be affected by whether WG's projections are accurate. The projections favorable to construction of the project rely on certain assumptions, with limited supporting evidence. To monitor the economics of the proposed project, the Commission finds it reasonable to require WG to periodically report on certain variables used in its economic model. Specifically, WG shall file with the Commission by April 1 of each year reports that include all of the following:

- a. the annual peak day firm sales demand in the Chetek and Dovre service areas;
- b. the annual average daily firm sales demand in the Chetek and Dovre service areas;
- c. the total number of new customers each year, by customer class, in the Chetek, Dovre, Sioux Creek, and Dallas service areas; and
- d. the total number of industrial sand mine customers in the New Auburn, Auburn, Chetek, Dovre, Sioux Creek, and Dallas service areas including all of the following for each customer: annual peak daily demand; annual average daily demand; and total annual volume of gas delivered.

WG shall include in each report a description of the methods used to obtain all of the required data. This reporting requirement shall begin one year after the in-service date and

expire after five years, unless extended by the Administrator of the Division of Energy Regulation.

Although no customers in the town of Sioux Creek are proposed to be served immediately as a result of this project, the township has enacted a resolution granting WG permission to construct, maintain, and operate a system for furnishing and distributing natural gas in the town. Customers could request service from WG under its filed extension rules once the project is completed.

Alternatives

WG did not propose any route alternatives for the project, although WG provided internal information about alternative routes considered as part of the application materials. The route alternatives considered by WG were generally short sections running parallel to the proposed route, along different features such as parcel lines or different roads. They all generally had the potential for greater environmental impacts, with some of the alternatives resulting in longer lengths or greater costs.

The Chetek service area, which forms the majority of the peak day firm sales demand addressed by the proposed project, is currently served from two sources: from the existing Chetek lateral which brings gas from Viking through WG's existing Wheeler to Rice Lake lateral; and from NNG along the Bloomer branchline of the Ladysmith lateral. One alternative to the proposed project, examined at length through Commission staff data requests and WG responses, was whether additional supply could be obtained from NNG to meet the gap in peak day sales demand. WG, in its initial application and early responses to data requests, stated that such an alternative had been examined, but because NNG stated realignment of supply would

require approximately \$2 million in pipeline costs, the alternative is not economically beneficial compared to the proposed Dovre lateral.

After NNG intervened in the docket, Commission staff requested clarification from NNG on the available gas capacity deliverable on a firm basis to either Chetek or Dovre. NNG responded that enough supply to meet the needs of the project would be available on a firm basis in late 2017, subject to an open season. WG clarified⁶ that the source of this gas was from points that WG considers “illiquid,” and stated it is not WG’s preference to contract for supply from these points. WG also responded with information showing that this increased capacity would be priced at NNG maximum tariff rates. WG maintains that the Dovre lateral is a preferred alternative to increase firm supply to the project area, in comparison to increasing the amount supplied by NNG.

Commission staff also requested clarification from WG regarding why the current Dovre lateral application came in approximately 10 months after the application for docket 6650-CG-246, referred to as the Dovre Sand Plants project. In its application materials for the Dovre Sand Plants project, WG provided no discussion regarding whether available capacity on the NNG system is constrained or unable to meet the needs of the two sand plant customers proposed to be served by that project. The current Dovre lateral project passes the town border station built on the NNG system as part of docket 6650-CG-246 and parallels a short part of that pipeline. It appears that the facilities approved in docket 6650-CG-246 and those proposed in this docket could have been one part of a comprehensive project to serve the new industrial

⁶ See the response to PSC data request 7.01 ([PSC REF#: 294212](#)), pp. 4-5 for discussion. As WG appears to only need this additional capacity on peak days, contracting for the full amount on yearly contracts where it is only needed on peak days would lead to increased costs if WG could not then sell this extra capacity on non-peak days at these ‘illiquid’ points.

Docket 6650-CG-252

customers (only one of which currently takes natural gas service) and to serve the firm sales customers addressed by this project. Such planning might have reduced costs, although WG states in their response to data request 5.03 ([PSC REF#: 289166](#)) that extending service from Viking via the Dovre lateral would not meet the customer-requested timeline.

In addition, on December 21, 2015, WG filed with the Commission in docket 6650-CG-253 an application to construct another project in the area. WG states that the Wilson lateral would increase the amount of natural gas available to service territories along the Wheeler to Rice Lake lateral, including along the Dovre lateral. Commission staff is currently evaluating whether the need for Wilson Lateral could be met by other alternatives, and the relationship of the two projects considering that the Dovre NPV analysis assumes that the Wilson lateral is constructed.

The Commission finds that the project, as proposed and modified in response to Commission staff's data requests, is reasonable. WG considered alternatives, but these alternatives would not provide adequate service in a more reliable, timely, cost-effective, and environmentally responsible manner.

Nonetheless, the timing of the applications for projects in this region raises concerns about project segmentation. Further, a lack of comprehensive information about WG's ultimate plans for system expansion hinders the Commission's ability to adequately evaluate the projects under Wis. Stat. § 196.49(b). As a result, it is reasonable to require WG to provide the Commission with information regarding its future natural gas construction plans on an ongoing basis. Specifically, within 90 days of the effective date of this Final Decision, WG shall file a five-year comprehensive overview of its planned natural gas construction projects that will

require a Certificate of Authority from the Commission. This information shall be updated annually no later than April 1 of each year through April 1, 2022, unless extended by the Administrator for the Division of Energy Regulation.

Energy Efficiency and Conservation

WG states in its application that the primary reason to construct the proposed facilities is to add deliverability of natural gas to existing commercial and residential customers in WG's Chetek and Dovre service areas. No special circumstances exist that would lead a decision-maker to conclude that additional conservation activities, renewable resources, or any other energy priorities listed in Wis. Stat. §§ 1.12 and 196.025 would be a cost-effective alternative to the proposed project. The Commission finds that energy efficiency and conservation are not technically feasible, cost-effective alternatives to the project.

Environmental Review

This is a Type III action under Wis. Admin. Code § PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental effects on the human environment have come to the Commission's attention. Neither an environmental impact statement under Wis. Stat. § 1.11 nor an environmental assessment is required.

The proposed project was reviewed for potential flood hazard exposure per Order 73. As no flood-sensitive facilities are to be located in or near any designated floodplain or flood prone areas, there is no significant flood risk to the proposed project.

No staging area has been finalized for this project at the time of this decision. Once a staging area or areas are chosen for the project, WG shall notify the Commission of the locations of such sites. WG shall provide the Commission with a final environmental review of any

chosen site and what, if any, follow up actions WG has taken or will take to ensure compliance with regulations related to water and wetland resources, threatened and endangered rare species, and historic resources.

WG states that it will obtain all required permits and approvals prior to the start of construction.

Wetlands and Waterways

The proposed project will cross wetlands and waterways, with 27 wetlands located in the proposed gas pipeline ROW. Most of these wetlands are riparian wetlands associated with streams or rivers. WG will horizontally directional drill under nearly all of the wetlands along the project route. Only one of the wetlands, designated Wetland W-31 in the application materials ([PSC REF#: 278301](#)), will be trenched through. This trench, and associated timber matting, will result in 0.34 acres of temporary wetland impact. Wetland W-31 is sometimes farmed, so impacts should be minimal according to Department of Natural Resources (DNR) staff that reviewed the proposed project. As currently proposed, the project will require coverage under a DNR wetland general permit, as promulgated under Wis. Stat. § 281.36.

In addition to wetlands, ten waterways intersect the proposed project. Upper Pine Creek and Tiller Creek are designated as trout streams while the Red Cedar River is an Area of Special Natural Resource Interest because state-listed species are present. The rest of the waterways are unnamed. No temporary bridges are proposed across any waterway affected by the proposed project. To avoid impacts to waterways, WG proposes to directionally drill under all of them. Even though directional drilling is proposed under the waterways, impacts could still occur due to frac-out, or the inadvertent release of drilling mud into the waterway. It is important that WG

monitor for frac-outs while boring all wetlands and waterways and ensure a frac-out plan is created and available on site.

Agricultural Lands

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) completed an Agricultural Impact Statement (AIS) for this project. ([PSC REF#: 290252.](#)) DATCP reviewed the project application materials provided by WG and contacted property owners with agricultural land along the route, with 12 landowners responding to DATCP's survey. DATCP's AIS has a number of recommendations that would reduce impacts to agricultural property owners. Most recommendations tie back to the Agricultural Mitigation Plan (AMP) proposed by WG. DATCP recommends that activities proposed in the AMP be conducted and that WG hire an agricultural inspector during construction as they have stated they would. DATCP also identified two landowners that are enrolled in the Conservation Reserve Program and five landowners with property enrolled in the Managed Forest Law program. DATCP recommends WG work with property owners to minimize impacts to their enrollments in these types of programs. The Commission finds it reasonable for WG to follow recommendations in DATCP's AIS for this project.

District Regulator Station Location

This project will require the installation of a district regulator station on private land near the eastern end of the project. WG has stated that it is in the process of attempting to acquire a voluntary easement, but as of the date of this decision, no such voluntary easement has been obtained. WG estimates the size of the regulator station to be 215 by 215 feet, which is 1.06 acres.

Potential sites for the new regulator station include:

Docket 6650-CG-252

- two sites on an agricultural property north of CTH A (also known as 2¾ Avenue);
- one on a small farmette property to the south of CTH A;
- one on agricultural land owned by a sand mine east of Novak Road; and
- one on woodland, with some wetland areas, on the east side of Novak Road.

The landowner to the north of CTH A has a new town border station on their agricultural property, built by NNG as part of docket 6650-CG-246, and seems reluctant to have a second regulator station in a different location on the property. WG might seek a voluntary easement from the landowner based on locating the regulator station immediately east of the new town border station, and subject to DNR wetland permit requirements. Commission staff discussions with DNR wetland staff indicate this would be permissible, although WG would need to work directly with DNR staff.

The landowner to the south of CTH A has a 5-acre farmette, and the proposed location for the regulator station would take a significant part of the pasture used by this landowner. This location would also place the regulator station closest to a residence, and there would be some noise impacts expected for the residents.

In response to requests by DATCP regarding above-ground structures, WG indicated that an additional location for the regulator station could be on land owned by Chieftain Sand and Proppant, LLC (Chieftain Sand), across Novak Road from the two original sites. Another potential location on land owned by the property owner with the town border station also entered into consideration. This is a wooded site, with some hydrologic features that indicate wetlands. It is considered to have higher environmental impacts than some of the other potential sites. The supplemental response to data request 4.01 ([PSC REF#: 289802](#)) contains more details on updated station location options.

Chieftain Sand comprises a significant part of the forecasted demand in WG's project justification. In the absence of an engineering reason for not being able to use that site, locating the regulator station on a corner of property owned but not yet actively mined by this company provides less of a burden to landowners than any other site under consideration.

The Commission finds it reasonable for WG to construct the proposed district regulator station on property currently owned by Chieftain Sand, if the site is suitable from an engineering perspective, and if WG can obtain the necessary land rights. If the Chieftain Sand site is not suitable for any reason, WG shall select a suitable site that minimizes impacts to the respective landowner and minimizes environmental impacts associated with construction of the proposed district regulator station.

Threatened and Endangered Species

WG conducted a review of DNR's Natural Heritage Inventory (NHI) database for this project on September 15, 2015, and indicated only one special concern species in a waterway. This waterway is planned to be directionally drilled, reducing the likelihood of any impact. Due to the longer lead time for this project in comparison to others, with construction start proposed for late 2017 or early 2018, the Commission finds it reasonable to require that WG conduct another review closer to the construction start date. This updated review should take place no more than one year before the planned start of construction and shall be filed with the Commission.

Historic and Archaeological Resources

WG provided a full archaeological survey report with its application materials, which included construction recommendations. WG submitted two letters to the Wisconsin Historical

Society (WHS) requesting permission to construct within the boundaries of two uncatalogued burial sites and one other historic site. WHS responded to the requests via letters dated August 17, 2015, and July 7, 2015. In the response letters, WHS confirmed the recommendations made by the archaeologist, requiring monitoring during construction at one of the documented sites (Eugen Mounds). This permission was only valid until July 7, 2016, and WG will need to request an update to the permission. The letter states that no monitoring is required at any of the other studied sites, including the Sioux Creek Cemetery, as long as construction does not approach the boundary of the cemetery.

Project Cost, Construction Schedule, and Rate Impact

Construction of the proposed project as authorized is estimated to cost \$10,430,000 as detailed below. The estimated cost includes a 10 percent contingency, and estimated AFUDC of \$442,000. The project would increase annual revenue requirements by approximately \$1,000,000 or 0.14 percent of annual revenues. The increase in revenue requirements equates to an annual increase of \$1.09 for an average residential customer.

Estimated Project Cost		
Cost item		
Contractor Costs	\$6,220,000	
Materials	1,645,000	
Easements	665,000	
Company Labor	1,196,000	
Vehicles, Other	262,000	
Subtotal		\$9,988,000
Cost item		
AFUDC	\$442,000	
Subtotal		\$442,000
Total Gross Project Cost		\$10,430,000

WG expects to begin construction in December 2017, with an estimated completion date of December 2018.

Certificate

WG is granted a Certificate of Authority to provide natural gas service in the town of Sioux Creek, and to construct natural gas main and associated facilities in the towns of Dallas, Sioux Creek, and Dovre, as described in its application and responses to Commission staff data requests, and as modified by this Final Decision, at an estimated total cost of \$10,430,000.

Order

1. WG is granted authority to provide natural gas service in the town of Sioux Creek, and to construct natural gas main and associated facilities in the towns of Dallas, Sioux Creek, and Dovre, in Barron County, as described in its application and responses to Commission staff data requests, and as modified by this Final Decision.
2. The estimated cost of the proposed project is \$10,430,000.
3. Should the scope or design of the project change significantly, or if it is discovered or identified that the project cost, including *force majeure* costs, may exceed the estimated cost by more than 10 percent, WG shall promptly notify the Commission as soon as it becomes aware of the possible change or cost increase.
4. WG shall obtain all necessary federal, state, and local permits prior to commencement of construction.
5. Once a staging area or areas are chosen for the project, WG shall notify the Commission of the locations of such sites. WG shall provide the Commission with a final environmental review of any chosen site and what, if any, follow up actions WG has taken or will take to ensure compliance with regulations related to water and wetland resources, threatened and endangered rare species, and historic resources.

6. WG shall construct the proposed district regulator station on property currently owned by Chieftain Sand, if the site is suitable from an engineering perspective, and if WG can obtain the necessary land rights. If the Chieftain Sand site is not suitable for any reason, WG shall select a suitable site that minimizes impacts to the respective landowner and minimizes environmental impacts associated with construction of the proposed district regulator station.

7. WG shall renew the permission from the WHS to work in the area of the Eugen Mounds such that it is valid at the start of construction.

8. WG shall have a qualified archaeologist monitor construction in the area of the Eugen Mounds.

9. WG shall review the project route on the DNR NHI database and update its endangered resources review closer to the start of construction, no more than one year prior, to ensure there have not been changes or additions to the species identified in the project area. WG shall notify DNR and file with the Commission the updated review and ensure actions are taken to avoid impacts.

10. WG shall construct the pipeline and other associated facilities in accordance with the measures to reduce impacts to landowners and natural resources identified in the application materials, including the AMP and frac-out plan.

11. WG shall follow the recommendations put forward by DATCP in its AIS.

12. Beginning with the quarter ending March 31, 2017, and within 30 days of the end of each quarter thereafter and continuing until the authorized facilities are fully operational, applicant shall submit quarterly progress reports to the Commission that include all of the following:

- a. The date that construction commences.
 - b. Major construction and environmental milestones, including permits obtained, by agency, subject, and date.
 - c. Summaries of the status of construction, the anticipated in service date, and the overall percent of physical completion.
 - d. Actual project costs to-date segregated by line item as reflected in the cost breakdown listed in this Final Decision.
 - e. Once each year, a revised total cost estimate for the project.
 - f. The date that the facilities are placed in service.
13. Upon completion of construction of the proposed project, WG shall file with the Commission a report of the final cost of the project. The report shall include the final cost of the project segregated by plant account, a table comparing the estimated and actual costs for each of the major components of the project, a table comparing the estimated and actual footage, the actual cost for each type and size of pipe installed, and an explanation of any significant variation between the authorization and actual cost.
14. WG shall file with the Commission by April 1 of each year reports that include all of the following:
- a. the annual peak day firm sales demand in the Chetek and Dovre service areas;
 - b. the annual average daily firm sales demand in the Chetek and Dovre service areas;

c. the total number of new customers each year, by customer class, in the Chetek, Dovre, Sioux Creek, and Dallas service areas; and

d. the total number of industrial sand mine customers in the New Auburn, Auburn, Chetek, Dovre, Sioux Creek, and Dallas service areas including all of the following for each customer: annual peak daily demand; annual average daily demand; and, total annual volume of gas delivered.

WG shall include in each report a description of the methods used to obtain all required data. This information shall be reported starting the April after the in-service date and continuing for five years after that date, unless extended by the Administrator for the Division of Energy Regulation.

15. Within 90 days of the effective date of this Final Decision, WG shall file a comprehensive overview of all projected gas construction projects, and associated planning processes, that will require a Certificate of Authority from the Commission within the next five years. This information shall be updated annually through April 1, 2022, unless extended by the Administrator for the Division of Energy Regulation.

16. Nothing in this Final Decision authorizes WG to perform any of the following actions: waive filed extension rules; purchase additional transportation capacity, balancing, storage, or other pipeline service; or obtain purchased gas adjustment recovery of the costs of additional natural gas supply.

17. If WG does not begin on-site physical construction of the authorized project within one year of the effective date of this Final Decision, the Certificate authorizing the approved project for which construction has not commenced shall become void unless WG:

a. files a written request for an extension of time with the Commission
before the effective date on which the Certificate becomes void; and

b. is granted an extension by the Commission.

18. If WG has not begun on-site physical construction of the authorized project and has not filed a written request for an extension before the date that this Certificate becomes void, WG shall inform the Commission of those facts within 20 days after the date on which the Certificate becomes void.

19. This Final Decision takes effect one day after the date of service.

20. Jurisdiction is retained.

Dated at Madison, Wisconsin, January 23, 2017.

For the Commission:

A handwritten signature in black ink, appearing to read 'J. Ripp', with a long horizontal flourish extending to the right.

Jeffrey J. Ripp
Administrator
Division of Energy Regulation

JJR:STS:jlt:DL: 01446426

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.⁷ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

APPENDIX A

⁷ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

CONTACT LIST FOR SERVICE BY PARTIES

NORTHERN NATURAL GAS COMPANY

JAMES TALCOTT; MICHAEL LOEFFLER

1111 SOUTH 103RD STREET 11 FLOOR

OMAHA NE 68124

JIM.TALCOTT@NNGCO.COM; MICHAEL.LOEFFLER@NNGCO.COM

PUBLIC SERVICE COMMISSION OF WISCONSIN

RORY MCGARRY; STACY SCHUMACHER

610 NORTH WHITNEY WAY

PO BOX 7854

MADISON WI 53707

RORY.MCGARRY@WISCONSIN.GOV; STACY.SCHUMACHER@WISCONSIN.GOV

WISCONSIN GAS LLC

THEODORE EIDKAS

PO BOX 2046

MILWAUKEE WI 53201

PSCWNOTIFICATIONS@WE-ENERGIES.COM