

May 22, 2015

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
Saint Paul, MN 55101-2147

**Re: Financial Assurance and SAX Construction Updates
In the Matter of the Application of North Dakota Pipeline Company LLC for a
Certificate of Need for the Sandpiper Pipeline Project in Minnesota
MPUC Docket No. PL-6668/CN-13-473; OAH Docket No. 8-2500-31260**

Dear Mr. Wolf:

North Dakota Pipeline Company LLC (“NDPC”) is filing this letter to update the Commission regarding two certificate of need conditions recommended by the Minnesota Department of Commerce, Division of Energy Resources (“DOC-DER”) and included in the Findings of Fact, Summary of Public Comment, Conclusions of Law, and Recommendation filed April 13, 2015 (the “ALJ Report”) in the referenced docket:

1. NDPC is pleased to inform the Commission that NDPC and DOC-DER have reached an agreement that satisfies the DOC-DER’s concerns regarding financial assurance.
2. NDPC is providing a copy of the 1st Quarter of 2015 Construction Report for the Southern Access Extension pipeline project in Illinois (the “SAX Project”).

Financial Assurance

As discussed in the ALJ Report, the DOC-DER’s exceptions filing, and NDPC’s exceptions filing, NDPC and DOC-DER have engaged in ongoing discussions to address DOC-DER’s concerns regarding financial assurance in the unlikely event of a release from the Sandpiper Pipeline Project (the “Project”).

To address these concerns, the parties have negotiated a parental guaranty by Enbridge Energy Partners, L.P. (“Enbridge”) in favor of the State of Minnesota, including all agencies and

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political subdivisions, and any person damaged by a release from the Project. A copy of the guaranty is provided as **Attachment A**.

The guaranty memorializes and evidences NDPC's and Enbridge's commitments to operate the Project safely and responsibly. In particular, the guaranty provides that, in the event NDPC is unable to fund the obligations resulting from a release, Enbridge will be fully and completely responsible for such obligations.

NDPC and DOC-DER anticipate that executing the guaranty will be a condition of the Commission's approval of a certificate of need for the Project and recommend that the Commission require NDPC to efile an executed version of the guaranty no later than 60 days after the Commission issues its written order of approval.

SAX Construction Update

The ALJ Report also accepted the DOC-DER's recommended condition that NDPC provide regular construction updates for the SAX Project in Illinois. The 1st Quarter of 2015 Construction Report filed by Illinois Extension Pipeline Company, L.L.C. with the Illinois Commerce Commission is attached as **Attachment B**. As discussed in Attachment B, construction of the SAX Project associated facilities is ongoing, and preparation work is underway for mainline construction. Mainline construction is expected to commence mid-June 2015.

A copy of this filing is also being served upon the persons on the Official Service List of record. Please let me know if you have any questions regarding this filing.

Sincerely,

/s/ Christina K. Brusven

Christina K. Brusven

Attorney at Law

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55848776

**ENBRIDGE ENERGY PARTNERS, L.P.
GUARANTY**

GUARANTY, effective as of the date executed by Enbridge Energy Partners, L.P., (the “**Guarantor**”), in favor of the State of Minnesota including all agencies and political subdivisions (the “**State**”) and any person damaged by an Occurrence (as defined below) (collectively, the “**Beneficiaries**” or, individually, “**Beneficiary**”).

WHEREAS, North Dakota Pipeline Company LLC, a Delaware limited liability company (including its successor and assigns, the “**Guaranteed Party**”), is a joint venture owned in part by Guarantor;

WHEREAS, Guaranteed Party has requested, in Docket Number PL-6668/CN-13-473, that the State approve a Certificate of Need for the construction and operation of the Minnesota portion of a crude oil pipeline between Tioga, North Dakota and Superior, Wisconsin (as constructed pursuant to a Certificate of Need issued by the Minnesota Public Utilities Commission, the “**Project**”);

WHEREAS, as Guarantor is the controlling member of and directly owns a majority ownership interest in Guaranteed Party, Guarantor expects it will derive benefit from the Project;

WHEREAS, the State, through the Minnesota Department of Commerce-Division of Energy Resources (“**Department**”), has recommended that any approval by the Minnesota Public Utilities Commission of Guaranteed Party’s application for a Certificate of Need must be conditioned on Guaranteed Party’s provision of financial assurance with respect to the Obligations (defined below);

WHEREAS, in the event that Guaranteed Party is unable or unwilling to fully and completely fulfill its Obligations, and as a means to satisfy the Department’s recommended financial assurance condition, Guarantor agrees to be fully and completely responsible for all of Guaranteed Party’s unsatisfied Obligations that result from an Occurrence; and

WHEREAS, Guarantor assures the State that it has the financial resources to be fully and completely responsible for all of Guaranteed Party’s Obligations.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, Guarantor agrees as follows:

1. **Definitions.** For the purposes of this Guaranty, the following terms have the following meanings:
 - (i) “**Damages**” means any amount the Guaranteed Party is legally liable to pay to a Beneficiary resulting from an Occurrence pursuant and according to the terms of (a) a written settlement agreement between Guaranteed Party and a Beneficiary or (b) a final non-appealable order or judgment by an agency, political subdivision, or court of competent jurisdiction.

(ii) **“Notice of Payment Demand”** means a written notice by a Beneficiary to the Guarantor after the occurrence of a Payment Default setting forth a description of the applicable Damages, the applicable Payment Default, the remaining amount of Damages required to be paid in connection therewith and containing a statement that the Beneficiary is giving a Notice of Payment Demand pursuant to this Guaranty.

(iii) **“Obligations”** means any Damages, or monetary obligations incurred during the pendency of any insolvency of Guaranteed Party, regardless of whether allowed or allowable in such proceeding.

(iv) **“Occurrence”** means any release from the Project, however occasioned, including, but not limited to, through accident, rupture, spill or other similar incident.

(v) **“Payment Default”** means the failure or inability of the Guaranteed Party to pay any Damages (a) when due pursuant and according to the terms of the applicable written settlement agreement between Guaranteed Party and a Beneficiary or final non-appealable order or judgment by an agency, political subdivision, or court of competent jurisdiction or (b) if no payment term is provided, within 60 calendar days of Damages being determined pursuant to Section 1(i).

2. **Guaranty.** Guarantor hereby unconditionally and irrevocably guarantees the full and complete payment of the Obligations. Any payment by Guarantor hereunder shall satisfy the Obligations to the extent of such payment, and Guarantor shall only have payment obligations hereunder in the event of a Payment Default with respect to any applicable Obligations and to the extent a Beneficiary complies with the terms of this Guaranty with respect to such Obligations. Guarantor shall pay any Obligations within 60 calendar days after a Notice of Payment Demand is received by Guarantor with respect to such Obligations pursuant to Section 1(ii).
3. **Expenses.** Guarantor agrees to pay reasonable out-of-pocket expenses, including reasonable attorneys’ fees and court costs, incurred by Beneficiaries in any litigation, arbitration or proceeding to enforce its rights under this Guaranty, but only to the extent that the Guarantor is found in such litigation, arbitration or proceeding to be in default or in breach of any of the terms of this Guaranty.
4. **Limitations.** The liability of Guarantor under this Guaranty shall be and is specifically limited to payments expressly required to be made in accordance with this Guaranty and out-of-pocket expenses payable pursuant to Section 3 of this Guaranty. For the avoidance of doubt, this Guaranty does not create any new obligations of the Guaranteed Party or waive any applicable defenses pursuant to the terms of this Guaranty.
5. **Term.** This Guaranty will remain in full force and effect until: (i) all Obligations have been fully satisfied or extinguished, or (ii) such time the State consents in writing to the termination of the Guaranty.
6. **Nature of Guaranty.** Guarantor’s obligations with respect to any Obligation are absolute and will not be affected by (1) any change in the name, ownership, objects, capital, constating documents or by-laws of the Guarantor or Guaranteed Party, or (2) any amalgamation, sale, merger or re-organization of the Guarantor or Guaranteed Party. In the event of a sale of

Guaranteed Party to a non-affiliated entity, Guarantor's obligation with respect to the Obligations hereunder may be assigned upon written approval of the State, through the Minnesota Public Utilities Commission. If any payment to Beneficiaries for any Obligation is rescinded or must otherwise be returned for any reason, Guarantor will remain liable hereunder for such Obligation as if such payment had not been made. The Guarantor hereby waives all suretyship defenses of every kind and all payments required hereunder shall be made in accordance with the terms hereof. Notwithstanding the foregoing, in any action or demand for payment under this Guaranty, Guarantor reserves the right to assert all rights, counterclaims and defenses that Guaranteed Party may have against the payment of any Obligation, other than defenses (1) arising from the bankruptcy, insolvency, incapacity, dissolution or liquidation of Guaranteed Party, (2) expressly waived in this Guaranty, (3) arising from the lack of due authorization, execution or delivery by the Guaranteed Party of this Guaranty, and (4) previously asserted by the Guaranteed Party and successfully and finally resolved in favor of the Beneficiaries by a court of competent jurisdiction and last resort. Nothing in this Guaranty prohibits or limits Guarantor from being named as a party in any action to determine Damages before a Payment Default has occurred, and Guarantor expressly agrees not to raise Payment Default as a basis to be dismissed from any action to determine Damages. Guaranteed Party, however, must be named in any action to determine Damages. Guaranteed Party shall use good faith efforts to resolve actions to determine Damages through settlement agreements with Beneficiaries.

7. **Consents, Waivers and Renewals.** Guarantor agrees that Beneficiaries may, without giving notice to or obtaining the consent of the Guarantor, enter into agreements and transactions with the Guaranteed Party, amend or modify agreements with the Guaranteed Party, settle or compromise any of the Obligations, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, whether full, partial, conditional or otherwise, perfect or fail to perfect any securities, release any undertaking, property or assets charged by any securities to third parties and otherwise deal or fail to deal with the Guaranteed Party and others (including, without limitation, any other guarantors) and securities, hold moneys received from the Guaranteed Party and others or from any securities unappropriated, apply such moneys against part of the Obligations and change any such application in whole or in part from time to time, all as the Beneficiary may see fit, without prejudice to or in any way discharging or diminishing the liability of the Guarantor under this Guaranty, in each case, except to the extent that the same constitutes a discharge or release, whether full, partial, conditional or otherwise, of the Obligations to the Guaranteed Party. Except as provided in Section 2, Beneficiaries may resort to Guarantor for payment of any of the Obligations whether or not any Beneficiary has previously resorted to any collateral security or proceeded against any other obligor principally or secondarily obligated for any of the Obligations. Guarantor hereby waives notice of acceptance of this Guaranty, and also presentment, protest and notice of protest or dishonor of any evidences of indebtedness guaranteed hereunder.
8. **Demands and Notice.** If a Payment Default occurs with respect to any applicable Obligations, and any Beneficiary elects to exercise its rights under this Guaranty with respect thereto, Beneficiary shall send a Notice of Payment Demand to Guarantor pursuant to Section 1(ii) with respect to such Obligations. A Notice of Payment Demand conforming to the requirements of this Guaranty will be sufficient notice to Guarantor to pay under this Guaranty. Notices under

grounds. Guarantor agrees that venue for any action brought by the State will be in Ramsey County District Court and waives any right to claim that this Guaranty is not valid and enforceable by the Beneficiaries. The Guarantor consents to the service of process in any action or proceeding relating to this Guaranty by Notice to the Guarantor in accordance with the provisions of Section 8 hereof.

[Signatures follow on the next page.]

This Guaranty is executed by Guarantor's duly authorized representative as of the date written below.

ENBRIDGE ENERGY PARTNERS, L.P.

By: *Enbridge Energy Management, L.L.C.*
as delegate of Enbridge Energy Company, Inc.
its Sole General Partner

By: _____

Date: _____

Name:

Title:

ACCEPTED AND AGREED TO BY:

GUARANTEED PARTY-NORTH DAKOTA PIPELINE COMPANY LLC

By: _____

Name:

Title:

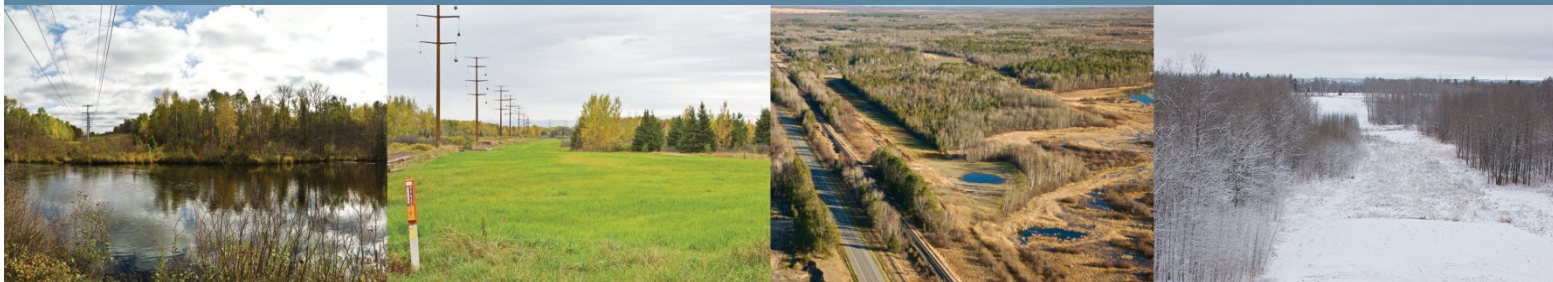
BENEFICIARY-STATE OF MINNESOTA

By: _____

Name:

Title:

55235288



**Illinois Commerce Commission
1st Quarter of 2015 Construction Report
Southern Access Extension Pipeline Project
ICC Docket No. 13-0446**

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Introduction

The ICC Order issued April 29, 2014, in Docket No. 13-0446, requires Illinois Extension Pipeline Company, L.L.C. (“IEPC”) to prepare and submit a quarterly report to the director of the Safety and Reliability Division of the Commission that gives the status of the construction of the Southern Access Extension Pipeline Project (“Project”). The quarterly reports will continue to be provided until IEPC has finished constructing the Project.

The current report outlines notable construction activities that were completed during the first quarter of 2015. Additionally, this report provides the status of implementing NTSB recommendations as provided in the “Enbridge Incorporated, Hazardous Liquid Pipeline Rupture and Release, Marshall, Michigan, July 25, 2010 Accident Report”. As indicated in the Fourth Quarter 2014 Construction Report for the SAX Pipeline Project, IEPC is pleased to report that all of the recommendations from the NTSB have been fulfilled.

Construction Activity – 1st Quarter of 2015

Facilities

Construction crews at each of the three facilities worked diligently through the winter. At the Flanagan facility, the contractor installed concrete foundations throughout the site, set the booster pumps and main line pump bases, installed the underground pipe from boosters to the mainline pump area, and continued on-site grading. At the Decatur and Patoka facilities, the contractor continued excavating and placing concrete foundations. Pipe fabrication welders and fitters completed shop welding, along with most of the paint and below grade coatings for the components destined for the Decatur and Patoka sites.

| 1st Quarter Activity Flanagan Terminal / Pump Station | (Completed or in progress)* |
|--|--|
| Mobilization | Complete |
| General Allocated items | In Progress |
| Site Prep - Infrastructure | Complete |
| Site Infrastructure – Erosion Control | Complete |
| Site Infrastructure – Top Soil Strip & Removal | Complete |
| Site Infrastructure – Grading and Drainage | In Progress |
| Site Infrastructure – Fencing and Signage | |
| Site Infrastructure – Roads & Access | In Progress |
| Site Infrastructure –Final Restoration | |
| Foundations - Buildings | In Progress |
| Foundations – Booster Pump | Complete |
| Foundations – Miscellaneous | In Progress |

| | |
|--|---|
| Structural - Platforms | In Progress |
| Structural – Electrical Service Buildings | In Progress |
| Structural – Instrument Shelter | In Progress |
| Structural – Pump Shelter | |
| Structural – Pig Launcher Shelter | |
| Mechanical – Booster Pump Area Piping | In Progress |
| Mechanical – Interconnecting Pipe to Pump Station | Complete |
| Mechanical – Road Bore under Highway 23 | Complete |
| Mechanical – Metering Area Piping | |
| Mechanical – Mainline Pump Area Piping | |
| Mechanical – Launcher Area Piping | |
| Mechanical - Booster Pumps | In Progress |
| Mechanical - Mainline Pumps | In Progress |
| Electrical - Buildings (Gear/Mechanical) | In Progress |
| Electrical – Cable Tray | |
| Electrical - Building Wiring | |
| Electrical – Instrumentation | |
| Electrical - Field Wiring | |
| Substation - 4160v VFD Feeds | |
| Substation – Structure & Buss | In Progress |
| Substation – Gear & Interconnects | In Progress |
| Commissioning | |
| De-Mobilization | |
| 1st Quarter Activity Decatur Pump Station | (Completed or in progress) * |
| Mobilization | Complete |
| General Allocated items | In Progress |
| Site Prep - Infrastructure | Complete |
| Site Infrastructure – Erosion Control | Complete |
| Site Infrastructure – Top Soil Strip & Removal | Complete |
| Site Infrastructure – Grading and Drainage | In Progress |
| Site Infrastructure – Fencing and Signage | |
| Site Infrastructure – Roads & Access | In Progress |
| Site Infrastructure –Final Restoration | |
| Foundations - Buildings | |
| Foundations – Miscellaneous | In Progress |
| Structural - Platforms | |
| Structural – Electrical Service Buildings | |
| Structural – Pump Shelter | |
| Mechanical –Pump Area Piping | In Progress |
| Mechanical – Mainline Header Piping | In Progress |
| Mechanical - Mainline Pumps | In Progress |
| Electrical – Buildings (gear/mechanical) | |

| | |
|---|---|
| Electrical – Cable Tray | |
| Electrical - Building – Wiring | |
| Electrical – Instrumentation / Wiring | |
| Electrical - Field Wiring | |
| Substation - 4160v VFD Feeds | |
| Substation – Structure & Buss | |
| Substation – Gear & Interconnects | |
| Commissioning | |
| De-Mobilization | |
| 1st Quarter Activity Patoka Terminal | (Completed or in progress) * |
| Mobilization | Complete |
| General Allocated items | In Progress |
| Site Prep - Infrastructure | Complete |
| Site Infrastructure – Erosion Control | Complete |
| Site Infrastructure – Top Soil Strip & Removal | Complete |
| Site Infrastructure – Grading and Drainage | |
| Site Infrastructure – Fencing and Signage | |
| Site Infrastructure – Roads & Access | In Progress |
| Site Infrastructure –Final Restoration | |
| Foundations - Buildings | In Progress |
| Foundations – Miscellaneous | In Progress |
| Structural - Platforms | |
| Structural – Electrical Service Buildings | In Progress |
| Structural – Instrument Shelter | In Progress |
| Structural – Lab Building | In Progress |
| Structural – Pig Receiver Shelter | |
| Mechanical – Metering Area Piping | In Progress |
| Mechanical – Relief Line Piping | In Progress |
| Mechanical – Receiver Area Piping | In Progress |
| Mechanical – Manifold Area Piping | In Progress |
| Electrical - Buildings (Gear/Mechanical) | |
| Electrical - Building Wiring | |
| Electrical – Instrumentation | |
| Electrical - Field Wiring | |
| Commissioning | |
| De-Mobilization | |

* Blank spaces indicate activity has not been initiated.

Pipeline

During the first quarter of 2015, pipeline activities included construction of the temporary contractor field offices and early tree clearing along the right-of-way.

| 1st Quarter Activity Spread 1 (MP 0 - MP 92.8) | (Completed or in progress) * |
|--|---|
| Mobilization | |
| Yard Prep - Normal, IL | In Progress |
| 4-Way Sweep | |
| Potholing | |
| Clearing | |
| Grading | |
| Trenching | |
| Full ROW Top soiling | |
| Stringing | |
| Bending | |
| Welding | |
| Coating | |
| HDD - Drill and Pull Back - Vermillion River | |
| HDD - Drill and Pull Back - Mackinaw River | |
| HDD - Drill and Pull Back - Sangamon River | |
| MLV - Site Prep | |
| MLV - Installation | |
| MLV - Electrical | |
| Cathodic Protection | |
| Hydrostatic Testing | |
| Caliper Tool Run | |
| Corrosion Inhibitor | |
| Rough Clean Up | |
| Final ROW Restoration | |
| Electrical - Field Wiring | |
| 1st Quarter Activity Spread 2 (MP 92.8 - 168.2) | (Completed or in progress) * |
| Mobilization | |
| Yard Prep - Brownstown, IL | In Progress |
| Yard Prep - Vandalia, IL | In Progress |
| 4-Way Sweep | |
| Potholing | |
| Clearing | |
| Grading | |
| Trenching | |
| Full ROW Top soiling | |
| Stringing | |
| Bending | |
| Welding | |
| Coating | |

| | |
|---|--|
| HDD – Drill and Pull Back – Kaskaskia River | |
| HDD – Drill and Pull Back – Suck Creek | |
| MLV – Site Prep | |
| MLV - Installation | |
| MLV - Electrical | |
| Densitometer – Site Prep | |
| Densitometer – Installation | |
| Densitometer – Electrical | |
| Cathodic Protection | |
| Hydrostatic Testing | |
| Caliper Tool Run | |
| Corrosion Inhibitor | |
| Rough Clean Up | |
| Final ROW Restoration | |

* Blank spaces indicate activity has not been initiated.

Construction Issues/ Resolutions – 1st Quarter of 2015

Facilities

At Flanagan, booster pump milling tolerance issues required some additional work before installation and electrical designs were modified to capture some improvements learned from other recent projects. Some material delivery delays slowed fabrication progress at the contractor’s shops. All of the aforementioned contributed to a one month extension in the anticipated readiness of the Flanagan facility.

Adverse weather during late January, February, and early March significantly slowed construction progress at the Decatur and Patoka facilities. However, improved weather conditions near the end of March enabled accelerated construction progress and the outlook for the 2nd Quarter looks promising.

Pipeline

There were no pipeline construction issues in the first quarter.

Upcoming Activities – 2nd Quarter of 2015

Facilities

At Flanagan, April through June will see the mainline pumps installed. The prover, meter skid, and sample building will be installed and interconnecting pipe runs will be substantially completed. The substation will be erected and ready for power feed from ComEd in early July. Launcher area concrete will be completed for unit install in July.

Booster Electrical Service Building (ESB) electrical work will be completed and the main pump area will be finalized.

In early April 2015, the contractor will ship the fabricated pipe to the Decatur and Patoka facilities for installation on the pipe supports. In addition, Ameren will bring utility electric power to the Decatur pump station in early June and Tri-County Electric Cooperative will bring utility electric power to the Patoka receiving station in late May to early June 2015. On-site electrical installations will begin mid-way through the quarter in conjunction with the installation of the fabricated pipe, construction of the ESB and the Variable Frequency Drive (VFD) building.

Pipeline

In the second quarter of 2015, construction of the pipeline portion of the Project is expected to begin (currently anticipated mid-June, with some preconstruction activities beginning in late April). Contractors will complete installation of all temporary trailers and facilities. Contractors will begin preparatory tasks including; installation of right-of-way accesses, clearing, grading, stringing, installation of span bridging and environmental erosion control devices (ECD).

Construction Photos

Flanagan Terminal / Pump Station - Terminal Side Electrical Service Building (Tan)



Flanagan Terminal / Pump Station - Terminal Side Booster Pump Installation



Flanagan - Main Line Pump Foundations



Decatur Pump Station – Pump and Motor Foundations



Decatur - Piping Support Foundations



Decatur - Electrical Service Building (ESB) Foundation Formed Up

