

October 16, 2018

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: Certificate of Need Modifications – Compliance Filing

**In the Matter of the Application of Enbridge Energy, Limited Partnership for a
Certificate of Need for the Line 3 Replacement – Phase 3 Project in Minnesota from
the North Dakota Border to the Wisconsin Border
MPUC Docket No. PL-9/CN-14-916; OAH Docket No. 65-2500-32764**

Dear Mr. Wolf:

With this letter, Enbridge Energy, Limited Partnership (“Enbridge”) is providing additional information related to ordering paragraphs 1A (Parental Guaranty for Environmental Damage and other Financial Information) and 1C (Decommissioning Trust Fund) of the Commission’s September 5, 2018 Order Granting Certificate of Need as Modified and Requiring Filings (“CN Order”).

Enbridge indicated in its July 16, 2018 Compliance Filing and again at the September 11, 2018 Commission meeting that it would be providing the updated consequence assessment cost model results and decommissioning cost estimate by October 31, 2018. This filing contains that information, as well as a revised Parental Guaranty updated to reflect the discussion at the September 11, 2018 meeting. Together with the information contained in Enbridge’s July 16, 2018 Compliance Filing; July 30, 2018 Comments; and revised September 10, 2018 Update Regarding Compliance Filing, Enbridge believes that it has provided all of the information presently required under the CN Order related to the CN modifications.

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1. Parental Guaranty and Financial Information.

a. Revised Parental Guaranty

Enbridge provided a draft Parental Guaranty as Attachment 1A to its July 16, 2018 Compliance Filing and then revised the Parental Guaranty in response to party comments and filed a revised version as Attachment A to its September 10, 2018 Update Regarding Compliance Filing.¹ At the September 11, 2018 Commission meeting, the parties discussed the Parental Guaranty in some detail. While the meeting was recessed and no written order has been issued, Enbridge understood the Commission to suggest certain additional changes be made to the Parental Guaranty, largely in response to comments from the Minnesota Department of Commerce, Division of Energy Resources (“DOC-DER”). In response, Enbridge made three substantive changes to the Parental Guaranty and has attached a redline showing the changes made to the version included in the September 10, 2018 Compliance Filing. These changes include:

1. Section 1(v) – Revised the definition of “Occurrence” to clarify that it includes environmental damages arising from “the construction or operation” of the Project to more closely match the language in Ordering Paragraph 1A of the CN Order;
2. Section 6 – Revised to address DOC-DER’s concerns regarding the potential for Enbridge Inc. to raise latent defenses to avoid performing under the Parental Guaranty. The language “or demand for payment” was deleted and a clause “v” was added to clarify that Enbridge Inc. cannot later assert defenses that could have previously been asserted by Enbridge Energy, Limited Partnership with respect to the Obligations.
3. Section 10 – Added a new paragraph to specifically address the language in the third bullet under Ordering Paragraph 1A of the CN Order acknowledging that upon any final determination by the Commission that the Guaranteed Party’s and Guarantor’s at-the-ready financial resources and insurance coverage are insufficient to respond to and remediate a full-bore spill modeled pursuant to the CN Order, the Commission shall have the authority, subject to notice and an opportunity for comment, to require additional financial assurances beyond the Guaranty to cover any identified deficit.

Enbridge has provided both clean and redline copies of the revised Parental Guaranty in **Attachment A** to this filing.

¹ Enbridge originally filed this revised Parental Guaranty on September 7, 2018 but then substituted the entire filing on September 10, 2018 to address certain nonpublic information designations. The Parental Guaranty was unchanged. Throughout this filing, Enbridge refers to it as the September 10, 2018 filing.

b. Accidental Release Consequence Assessment Results

The CN Order directed Enbridge to provide “an updated cost model for a full-bore pipeline rupture at maximum design capacity and with maximum drain down affect within a range of high consequence areas in Minnesota similar to that presently modeled for the Canadian National Energy Board.”² In its July 16, 2018 filing, Enbridge provided a description of the methodology that would be used to complete the modeling and committed to filing the information with the Commission by October 31, 2018.³ **Attachment B** hereto, titled “Assessment of Highest Potential Consequence Locations for L3R in Minnesota,” contains the updated cost modeling results.

As described in Attachment B, Enbridge performed an updated cost model for a full-bore pipeline rupture at maximum design capacity and with maximum drain down in order to identify the highest potential consequence areas on L3R in Minnesota. As described in the July 16, 2018 Compliance Filing, Enbridge’s approach to the modeling was similar to its approach to the modeling for the Canadian National Energy Board (the “NEB”) in connection with Enbridge’s application to the NEB for the Canadian portion of L3R. Likewise, Enbridge made similar assumptions and the same volume out (maximum design capacity) here as was used in the NEB proceeding.

Considering all consequence categories, the highest potential consequence location has an estimated consequence value of approximately \$1.4 billion. Notably, the consequence value includes consequences values to Enbridge’s reputation and business, not only environmental and third-party consequences. As noted in Enbridge’s July 16, 2018 filing, given the static nature of the pipeline’s location, these results are not expected to materially change year-over-year and may be carried forward to future Commission analyses of Enbridge’s at-the-ready resources.

As demonstrated in Attachment 1D of Enbridge’s July 16, 2018 Compliance Filing, Enbridge’s at-the ready financial resources and insurance coverage available to Enbridge Energy, Limited Partnership and Enbridge Inc. exceed the \$1.4 billion estimated cost to respond to a full-bore rupture on the Project, satisfying the final bullet point in Ordering Paragraph 1A of the CN Order.

2. Decommissioning Trust Fund.

The CN Order requires Enbridge to create and fund a trust fund for decommissioning of the Project, including costs of removal of the Project.⁴ In accordance with the CN Order,

² CN Order at 37.

³ Enbridge July 16, 2018 Compliance Filing at Attachment 1, p. 4-5 and Attachment 1C.

⁴ CN Order at 38.

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Attachments 3A and 3B of Enbridge's July 16, 2018 Compliance Filing included a discussion of the terms and conditions of the decommissioning trust fund based on the decommissioning trust that the NEB directed Enbridge Inc. to fund for the decommissioning of Enbridge pipelines in Canada. Enbridge's July 30, 2018 Comments further clarified its intent with regard to establishing the Decommissioning Trust Fund, and Enbridge's September 10, 2018 Update Regarding Compliance Filing provided additional information regarding Enbridge's efforts to establish and fund the Decommissioning Trust Fund. Since the time of that filing, Enbridge has completed its estimate of the costs to remove the Project constructed along the Designated Route. The estimated cost of removal is approximately \$983,000,000. Further detail regarding this estimate is provided in **Attachment C** of this filing.

3. Conclusion.

Enbridge respectfully requests that the Commission approve the CN modifications. Enbridge is available to answer any questions the Commission may have regarding the information contained in this filing or its previous Compliance Filings.

Sincerely,

/s/ Christina K. Brusven

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AFFIDAVIT OF SERVICE

**In the Matter of the Application of Enbridge
Energy, Limited Partnership for a Certificate of
Need for the Line 3 Replacement – Phase 3
Project in Minnesota from the North Dakota
Border to the Wisconsin Border**

**MPUC Docket No. PL-9/CN-14-916;
OAH Docket No. 65-2500-32764**

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

Alicia P. Jones, of the City of Minneapolis, the County of Hennepin, State of Minnesota, being duly sworn on oath, deposes and states that on the 16th day of October, 2018, she e-filed with the Minnesota Public Utilities Commission the following:

1. Revised Update on Compliance Filing for CN Modifications;
2. Attachment A – Revised Parental Guaranty_October 2018_clean and redline;
3. Attachment B – Assessment of Highest Potential Consequence Locations for L3R in Minnesota;
4. Attachment C – Deactivation Cost Estimate; and
5. Affidavit of Service.

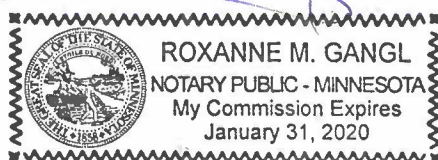
A copy has also been served in accordance with the attached service list of record.


Alicia P. Jones

Subscribed and sworn to before me
this 16th day of October, 2018.


Notary Public

65021807.1



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