

**STATE OF MINNESOTA  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

**In the Matter of the Decommissioning  
Trust Fund for the Enbridge Energy,  
Limited Partnership Line 3 Replacement  
Pipeline**

MPUC Docket No. PL-9/CN-21-823

**ENBRIDGE ENERGY, LIMITED PARTNERSHIP'S  
INITIAL COMMENTS**

**INTRODUCTION**

Enbridge Energy, Limited Partnership (“Enbridge”) submits these initial comments in response to the Minnesota Public Utilities Commission’s (“Commission”) December 20, 2021 Notice of Comment Period concerning the Decommissioning Trust Fund for the Line 3 Replacement Pipeline. Now that the replacement pipeline has been constructed and is operational, it is referred to as “Line 93” to distinguish it from the original Line 3 pipeline, which is no longer in service. Here, and going forward, Enbridge will refer to the replacement pipeline as “Line 93.” In these comments, Enbridge responds to the issues identified in the Commission’s Notice and proposes a framework for the establishment of a decommissioning trust fund for Line 93 that is consistent with the Commission’s prior orders.

**PROCEDURAL BACKGROUND**

Enbridge applied for a certificate of need (“CN”) and pipeline routing permit from the Commission for the Line 3 Replacement Project. In testimony related to the CN, the Department of Commerce, Division of Energy Resources (“DER”) recommended that “the Commission

require Enbridge to establish a decommissioning trust to pay for the costs of decommissioning the Project when it reached the end of its economic usefulness.”<sup>1</sup> In its Order Granting Certificate of Need as Modified and Requiring Filings (“CN Order”), the Commission stated that it would “require Enbridge to propose the terms and conditions of a decommissioning trust fund for the Project based on the decommissioning trust required by the Canadian National Energy Board for Enbridge’s Canadian pipelines.”<sup>2</sup> Thus, the Commission approved the CN “contingent upon the creation and funding of a trust fund for decommissioning of the Project, including the costs of removal of the Project.”<sup>3</sup> The Commission ordered Enbridge to submit a compliance filing “of the terms and conditions of the decommissioning trust fund based on the decommissioning trust that the Canadian National Energy Board directed Enbridge, Inc. to fund for the decommissioning of its pipelines in Canada” and requested that DER submit recommendations concerning Enbridge’s compliance filing.<sup>4</sup>

On July 16, 2018, Enbridge submitted a compliance filing which provided a “discussion of the terms and conditions of the decommissioning trust fund based on the decommissioning trust that the NEB<sup>5</sup> directed Enbridge Inc. to fund for decommissioning of Enbridge pipelines in Canada.”<sup>6</sup> In that filing, Enbridge explained that “the differences in regulatory structure and applicable law are such that Enbridge will mirror but is unable to wholly replicate the

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<sup>1</sup> Direct Testimony of Kate O’Connell, at 116 (Sept. 11, 2017). All docket references herein are to Docket No. PL-9/CN-14-916.

<sup>2</sup> CN Order, at 35 (Sept. 5, 2018) (reissued May 1, 2020).

<sup>3</sup> CN Order, at 38.

<sup>4</sup> CN Order, at 38.

<sup>5</sup> National Energy Board. The NEB is now the Canadian Energy Regulator (“CER”).

<sup>6</sup> Enbridge Response to DOC-DER Comments regarding Enbridge Compliance Filing on the Decommissioning Trust Certificate of Need Modification (“Enbridge July 2018 Comments”), at 4 and Attachments 3A-C (July 16, 2018).

decommissioning trust structure used for NEB-regulated pipelines.”<sup>7</sup> Enbridge further explained that “unless and until trust and/or tax laws applicable to L3R in Minnesota are changed, the decommissioning trust for L3R in Minnesota will be subject to potential legal risks, more difficult to achieve the goals of the Commission, and more costly.”<sup>8</sup> Enbridge also identified issues related to creditor protections.<sup>9</sup>

In response, on July 20, 2018, DER recommended that the Commission require Enbridge to propose a revised decommissioning trust fund proposal that:

- Is consistent with, and requires no changes to, existing Minnesota and federal law;
- Includes collections over the expected 50-year life of Line 3 project in Minnesota at least to equal approximately \$1.5 billion (USD), as adjusted for inflation;<sup>10</sup>
- Is not controlled by Enbridge Inc. or any present or future affiliated entity;
- Is established only for the purpose of deactivating, monitoring, and removing the pipeline together with remediation of the soil at the time Line 3 is taken out of service in Minnesota; and
- Includes other provisions as required by the Commission.<sup>11</sup>

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<sup>7</sup> Enbridge July 2018 Comments, Attachment 3A, at 1.

<sup>8</sup> *Id.* at 2.

<sup>9</sup> Enbridge July 2018 Comments, Attachment 3B, at 3.

<sup>10</sup> In these comments, DER explained: “Enbridge witness Mr. Johnston confirmed the present cost of pipeline removal is about \$855 per foot, and removal of the expected 337 miles of the proposed Line 3 in Minnesota would cost today about \$1.5 billion (USD). The trust should be designed to collect this sum over the expected 50-year life of proposed Line 3, as adjusted for inflation.” DER Comments, at 1-2 (July 20, 2018). DER cited Mr. Johnston’s evidentiary hearing testimony, where he stated, among other things, “I guess if you want to think that’s a reasonable proxy, fair enough,” and “I would refer to the experts in that area.” Evid. Hrg. Tr. Vol. 6A (Nov. 9, 2017) at 125-127 (Johnston).

<sup>11</sup> DER Comments, at 2 (July 20, 2018).

On October 16, 2018, Enbridge provided a detailed cost estimate for removal costs, following the methodology it uses in Canada. Based on that methodology, the removal cost for Line 93 was estimated to be approximately \$983 million.<sup>12</sup>

After several additional comments from Enbridge and other parties, in its Order Approving Compliance Filings as Modified and Denying Motion, the Commission ordered:

The Commission will accept Enbridge's July 16, 2018 compliance filing and Attachments 3A, 3B, and 3C as further modified by Enbridge's July 30, September 7, and October 16, 2018 filings relating to the Decommissioning Trust Fund. However, the Commission believes that additional work is needed to develop the Decommissioning Trust Fund. The Commission will open a docket with filing deadlines and comment periods set by the Executive Secretary for the purpose of establishing the terms and conditions of the Decommissioning Trust Fund. Enbridge shall consult with DER regarding its recommendations that the Decommissioning Trust Fund should:

- Be consistent with, and require no changes to, existing Minnesota and federal law;
- Include collections over the expected 50-year life of Line 3 project in Minnesota to equal approximately \$1.5 billion (USD) at least, as adjusted for inflation;
- Not be controlled by Enbridge Inc. or any present or future affiliated entity;
- Be established only for the purpose of deactivating, monitoring, and removing the pipeline together with remediation of the soil at the time Line 3 is taken out of service in Minnesota.

Enbridge shall analyze for Commission consideration the benefits of establishing the trust consistent with the Environmental Protection Agency and Bureau of Land Management rules for

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<sup>12</sup> Certificate of Need Modifications – Compliance Filings, at 4 Attachment C—Line 3 Replacement Deactivation Cost Estimate (Oct. 16, 2018).

financial assurances for decommissioning trust funds, as well as the Canadian National Energy Board's provisions.<sup>13</sup>

The Commission subsequently opened the above-captioned docket and, on December 20, 2021, issued a Notice of Comment Period requesting comments on three topics, each of which is addressed by Enbridge below.

## **DISCUSSION**

### **I. WHAT ACTION SHOULD THE COMMISSION TAKE TO ESTABLISH THE DECOMMISSIONING TRUST FUND REQUIRED BY ITS ORDERS IN DOCKET 14-916?**

Because of the lengthy record and prior Commission orders addressing issues related to the Decommissioning Trust Fund, and because the current Notice of Comment Period provides additional, multiple rounds of comments concerning the same, Enbridge suggests that, at the conclusion of the comment period, the Commission will be well-positioned to issue a decision concerning the Decommissioning Trust Fund. Specifically, after the conclusion of the supplemental comment period, the Commission should:

- Identify the basic terms and conditions of the Decommissioning Trust Fund. Enbridge discusses these terms and conditions in Section II, below.
- Authorize Enbridge to establish the Decommissioning Trust Fund, consistent with those terms and conditions.
- Require Enbridge to submit a compliance filing indicating that a decommissioning trust agreement, consistent with the Commission's Order, has been negotiated with a trustee, subject to final review by the Executive Secretary prior to execution.
- Delegate to the Executive Secretary authority to review the final Trust Agreement for consistency with the Commission's order.

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<sup>13</sup> Order Approving Compliance Filings as Modified and Denying Motion, at 8 (Jan. 23, 2019) (reissued May 1, 2020).

- Following review by the Executive Secretary, require Enbridge to submit a compliance filing verifying that the Decommissioning Trust Fund has been established and file the final Trust Agreement after it is executed.
- Require Enbridge to submit annual reports from the Fund's trustee.
- Require Enbridge to update its decommissioning cost estimate every five years, consistent with the Commission's treatment of decommissioning obligations for other energy projects.

## **II. WHAT TERMS AND CONDITIONS SHOULD BE REQUIRED IN THE DECOMMISSIONING TRUST FUND?**

In Section A, below, Enbridge addresses the general terms and conditions that should be part of the Decommissioning Trust Fund. In Section B, Enbridge addresses the categories identified by the Commission in its January 23, 2019 Order Approving Compliance Filings. The terms and conditions discussed herein are consistent with the Commission's previous direction and would accomplish the goal of setting aside funds for decommissioning of Line 93.

Enbridge notes that the specific terms and conditions and language in the Trust Agreement will need to be acceptable to and approved by the financial institution that will serve as the trustee for the Decommissioning Trust Fund. Because of this, neither Enbridge nor any other stakeholder can unilaterally dictate the terms of the Trust Agreement. This is particularly the case here, where the Decommissioning Trust Fund will be the first of its kind in Minnesota. That said, Enbridge believes these terms and conditions are achievable in that they are authorized under current law and are likely to be acceptable to a financial institution that will serve as the trustee.

**A. General terms and conditions.**

To ensure consistency with the terms and conditions of the decommissioning trusts required by the CER,<sup>14</sup> as modified to reflect U.S. law, Enbridge recommends that the Line 93 Decommissioning Trust Agreement include the following general terms and conditions:

<b>Terms</b>	<b>Proposed Terms and Conditions</b>
Purpose and Nature of Trust	Trust will be established and maintained for the sole purpose of decommissioning Line 93 in compliance with the Commission's Orders.
Settlor	Enbridge Energy, Limited Partnership
Beneficiaries	Enbridge Energy, Limited Partnership, or person or persons with obligation to decommission Line 93
Trustee(s)	A U.S. domestic corporate trustee not affiliated with Enbridge
Creditor Protection	The trust should be drafted to provide maximum protection of the trust assets from Enbridge's creditors.
Governing Law and Situs	Minnesota, subject to the ability of the trustee to change the situs and governing law of the trust (to another state within the U.S.)
Contributions	The trust will be funded with amounts collected from shippers as decommissioning charges.
Investment	Investment manager should be a U.S. domestic entity (to avoid foreign trust tax status), and will likely be an affiliate of the corporate trustee.
Distributions	<ul style="list-style-type: none"><li>• Trust expenses (trustee fees, costs, admin. expenses, etc.)</li><li>• Taxes imposed on and payable by the trust, liability of the settlor</li><li>• Distributions to settlor to pay any tax, resulting from trust income</li><li>• To a beneficiary or third party for the purpose of decommissioning Line 93</li></ul>
Surplus Funds	After final decommissioning of Line 93, surplus funds may be distributed to a Minnesota abandoned pipeline fund that will be established and maintained for the purpose of funding reclamation of any other abandoned Enbridge pipelines in Minnesota.
Tax Obligations	<p>If the trust is a non-grantor trust, to the extent it incurs tax, it will pay its tax obligations, and the trustee will prepare and file income tax returns.</p> <p>If the trust is a grantor trust, absent a law change, the tax obligations will fall on the grantor/settlor. The trust will make distributions to the grantor/settlor to pay tax resulting from the trust.</p> <p>Enbridge suggests the trust be drafted to allow for more favorable tax treatment, should it become available through private letter rulings or legislative changes.</p>

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<sup>14</sup> Under the CER, decommissioning trusts are called abandonment trusts.

<b>Terms</b>	<b>Proposed Terms and Conditions</b>
Reporting and Recordkeeping	Trustee will provide annual reports to Enbridge, which will file the report with Commission.
Term of Trust	The longest period that a trust under this instrument may continue under the laws of the jurisdiction that is the situs of the trust. Because Settlor's contributions to the Trust are not donative, but are required by the Commission, it is Enbridge's expectation and intention that the Trust may be perpetual under Minnesota law, and that the Perpetuities Period shall be indefinite. If for any reason the Trust cannot continue in perpetuity under the laws of the jurisdiction that is the situs of the Trust from time to time, the Term shall end on the last date on which such assets can validly remain in trust (likely 90 years under current Minnesota law). At that point, a successor trust could be created.
Irrevocable	Trust will be irrevocable.
Modification	Trust may be amended by agreement of Enbridge and the trustee.

**B. Discussion of items identified in January 23, 2019 Order Approving Compliance Filings.**

**1. Be consistent with and require no changes to existing law.**

As discussed above, it is possible to establish the Decommissioning Trust Fund and related Trust Agreement for Line 93 without changes to existing law. However, Enbridge continues to analyze potential legislative and legal efforts that will allow the Decommissioning Trust Fund to function more like the CER decommissioning trust funds; these efforts are not an impediment to establishing the Decommissioning Trust Fund, provided that, as discussed previously herein, the Trust Agreement is drafted in a manner that allows the trust to benefit from those future efforts, should they prove successful. Among other things, future changes in law could allow greater creditor protection and/or tax efficiency.<sup>15</sup>

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<sup>15</sup> See Enbridge July 2018 Comments, at 3.



**2. Include collections over the expected 50-year life of Line 93 to equal approximately \$1.5 billion.**

With this filing, Enbridge is submitting an updated decommissioning cost estimate (Attachment A); as identified in that estimate, Enbridge currently estimates that the cost of decommissioning Line 93—including removal, as required by the Commission—will be approximately \$1.2 billion (USD). However, Enbridge respectfully submits that it would be prudent for the Commission to review this estimate every five years. Enbridge will, as it does under the CER-ordered trusts, continue to rigorously analyze and update the costs of complete removal in its estimate, incorporating lessons learned from the CER’s years-long assessment of the issue and the costs of removal of the original Line 3 pipeline, over the life of Line 93’s operation.

Enbridge proposes to file the Trustee’s annual reports with the Commission each year (as it does with the CER in Canada). Further, similar to the Commission’s decommissioning plan requirements for other energy projects in Minnesota, Enbridge proposes to submit updated decommissioning cost estimates to the Commission every five years.<sup>16</sup>

With respect to the term over which the Decommissioning Trust Fund will build, Enbridge will collect and contribute funds to the Decommissioning Trust Fund over the course of the economic life Line 93 to ensure the amount needed for decommissioning is available when the funds are needed. Line 93 is subject to an agreement between Enbridge and its shippers, referred to as the Facilities Surcharge Mechanism (“FSM”), which is a component of the FERC-regulated tariff rates. Per the terms of the FSM, the economic life of Line 93 is stipulated as 30 years. Enbridge will calculate the amount that needs to be contributed to the Decommissioning Trust

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<sup>16</sup> The CER also revisits decommissioning estimates on a similar timeframe.

Fund each year, based on the decommissioning cost estimate, the expected inflation rate, earnings in the trust, and trust expenses. Enbridge will recover that amount through the FSM, which is collected through an annual Enbridge rate filing effective April 1 of each year. With this timeline in mind, and allowing for time to prepare the filing, discuss with shippers, have the new toll go into effect, and collect the trust funds through the new toll, Enbridge will begin funding the Decommissioning Trust Fund on May 10 of the first calendar year following the issuance of the Commission's final written order approving the establishment of the Fund. Because Line 93 went into service on October 1, 2021, Enbridge will prorate the recovery of the decommissioning cost estimate over the economic life of Line 93 that remains on May 10 of the year that Enbridge commences funding the Trust. For example, if Enbridge commences funding the Trust on May 10, 2023, the decommissioning costs will be collected over a period of approximately 27 years and 5 months to ensure that the Trust will be fully-funded by the end of the economic life of Line 93 (October 1, 2051).

**3. Not be controlled by Enbridge Inc. or any present or future affiliated entity.**

Enbridge has made this commitment. The Decommissioning Trust Fund would be controlled by the Trustee.

**4. Be established only to deactivate, monitor, and remove Line 93.**

Enbridge has made this commitment, and the scope of the Decommissioning Trust Fund would be reflected in the Trust Agreement, which would provide that funds would be disbursed only to pay decommissioning expenses.

**5. Use of Environmental Protection Agency or Bureau of Land Management Trust Forms.**

In response to comments from Friends of the Headwaters, the Commission's January 23, 2019 Order also directed Enbridge to analyze the potential benefits of establishing the trust

consistent with the Environmental Protection Agency (“EPA”) and Bureau of Land Management (“BLM”) rules for financial assurances for decommissioning trust funds, in addition to those used by the Canadian National Energy Board’s provisions.<sup>17</sup> Although Friends of Headwaters did not provide specific citations or examples of such rules or funds in their prior comments, Enbridge reviewed potentially relevant EPA and BLM regulations and sample agreements to determine if any could be relevant here.<sup>18</sup> However, as discussed below, Enbridge did not identify relevant EPA or BLM decommissioning trust forms that provided any identifiable benefits more favorable than the terms and conditions used by the CER as described above or which provide helpful guidance here.

With regard to the EPA, 40 C.F.R. §§ 264.140 - 264.151 contain the financial requirements for owners and operators of certain hazardous waste facilities. The regulations identify specific requirements and procedures for the financial assurances, as well as provide specific language that must be included in the trust agreement. 40 C.F.R. § 264.151. Among other things, the form trust agreement requires specifically that the EPA Regional Administrator direct payments from the fund. Of course, EPA has no role in the Line 93 Decommissioning Trust Fund. Further, the general structure is different than the structure contemplated by the Commission and, more generally, the EPA regulations do not provide helpful guidance because they are the result of a different, specific, regulatory regime that would be difficult to import into the Commission’s process.

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<sup>17</sup> Order Approving Compliance Filings as Modified and Denying Motion, at 8 (Jan. 23, 2019) (reissued May 1, 2020).

<sup>18</sup> Enbridge undertook good faith efforts to identify potentially relevant EPA and BLM regulations and trust agreements. However, as explained herein, the regulations and agreements identified by Enbridge thus far are not helpful to the Commission’s establishment of a decommissioning trust fund for Line 93. To the extent other commenters identify additional, specific regulations and/or sample trust agreements, Enbridge can address those in further comments.

With respect to BLM trusts, Enbridge identified a BLM requirement that a financial guarantee be provided in some instances to cover estimated reclamation costs for mines. *See* 43 CFR 3809.500 *et seq.* Acceptable instruments for an individual financial guarantee include corporate surety bonds, cash, irrevocable letters of credit, certificates of deposit, government securities or bonds, investment-grade rated securities, or insurance. *See* 43 CFR § 3809.555. Enbridge has thus far not been able to locate an example of a BLM trust, and, like the EPA discussion above, it is unlikely that a different agreement designed to satisfy different regulatory requirements would provide a viable alternative here.

### **III. WHAT ENTITY SHOULD BE NAMED AS THE BENEFICIARY OF THE DECOMMISSIONING TRUST FUND?**

Consistent with other decommissioning funds, Enbridge submits that the beneficiary of the Decommissioning Trust Fund should be the entity that has the decommissioning obligations. For example, the following is language from Enbridge's Canadian pipeline trust agreement:

the Person or Persons, including the Company, acting on its own capacity or acting on behalf of a partnership, having Reclamation Obligations in respect of the Site.

This makes practical sense—the funds in the Decommissioning Trust Fund must be used to fund decommissioning activities, and the entity with the decommissioning obligations will be the entity undertaking those activities. The Trust Agreement, in turn, requires that any disbursements be used to pay decommissioning expenses. The beneficiary would not control the funds, however, because the funds would be disbursed to the beneficiary only with the approval of the Trustee. Thus, it would be ensured that the Decommissioning Trust Fund would only be used to fund decommissioning obligations.

## **CONCLUSION**

Enbridge appreciates the opportunity to provide these comments and respectfully submits that the decommissioning trust framework and terms presented herein are consistent with and responsive to the Commission's prior orders on this issue.

Dated: May 19, 2022

Respectfully submitted,

*/s/ Christina K. Brusven*

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## **Basis of Estimate**

# **Line 3 Replacement Decommissioning Cost Estimate**

Revised May 2022

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## ATTACHMENT A

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### 1.0 INTRODUCTION

#### 1.1 SCOPE OF ESTIMATE

The scope of the project being estimated is decommissioning of Line 93 or L93 (formerly referred to as Line 3 Replacement), once the pipeline and related facilities are no longer transporting crude oil through the State of Minnesota. Enbridge's US Line 93 pipeline route begins at the Joliette Valve near Neche, North Dakota, and extends 343 miles across Minnesota to the Superior terminal at Superior, Wisconsin. Approximately 330 miles of the route is located in Minnesota. As part of the Line 93 project, there were new pump stations constructed adjacent to the existing Donaldson, Viking and Plummer pump stations and a permanent expansion of Clearbrook terminal, including a new pump station. New pump stations were also constructed at Two Inlets, Backus, Swatara and North Gowan.

#### 1.2 DECOMMISSIONING COST ESTIMATE

The Minnesota Public Utilities Commission ("MPUC") directed Enbridge to provide a Decommissioning Cost Estimate ("DCE") for Line 93, similar to what is required by Canada Energy Regular ("CER", formerly the National Energy Board or NEB) in Canada for CER regulated pipelines. This estimate will be used to determine the amount of money that needs to be available in the Decommissioning Trust Fund being established for Line 93. The L93 DCE followed the CER methodology, where applicable.

### 2.0 ESTIMATE METHODOLOGY

Following a multi-year review process involving pipeline companies, associations representing pipeline companies, petroleum producers (shippers) and landowners, the CER set out a methodology for calculating decommissioning cost estimates. The CER held a technical conference and eventually established a base case including physical assumptions and unit costs. Pipeline companies are to apply the unit costs to their assets to calculate an estimate. Where a pipeline company has better unit cost information, such as from actual decommissioning experience, it may propose those unit costs in place of the base case and the CER would consider the reasonableness of the company specific unit costs.

Following the CER's methodology, Enbridge has estimated the costs for all activities required to permanently decommission (or in CER terms, abandon) L93 including engineering and project management, permanent decommissioning preparation, special treatment for crossings, pipeline removal, facilities removal, and contingency. Enbridge obtained L93 specific estimates from contractors or applied information on costs from the construction of L93, where it was determined that the CER's unit costs for Canada would likely not apply. The following sections provide a description of how the estimate was calculated.

#### 2.1 ENGINEERING & PROJECT MANAGEMENT

The CER methodology uses a cost factor approach to the Engineering & Project Management costs for the DCE, which may include the following costs: regulatory, legal and finance support, external relations and land support, environment, health and safety support, operations support, stakeholder consultation, detailed cost estimates, planning, applications, detailed engineering and environmental studies, engineering and project management, construction management, and project and cost control.



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The factors are based on the length of the pipeline project and apply the factor to the sum of the costs in the following categories: Decommissioning Preparation, Pipeline Decommissioning-in-place, Special Treatment areas, pipeline removal and facilities costs.

The factors are as follows:

If Pipeline Decommissioning project is:	Apply
<50 km (<31mi)	20%
50 to 500 km (31 to 311mi)	10%
>500 km (>311mi)	5%

For the purposes of the L93 DCE, the length of the pipeline removal in Minnesota is approximately 330 miles. This would result in the CER cost factor of 5%.

### 2.2 PERMANENT DECOMMISSIONING PREPARATION

Part 2 of the CER methodology, Abandonment (or Decommissioning) Preparation, is broken in to two sub-sections: “Land access and Clean up” and “Pipeline Purging and Cleaning”.

#### 2.2a Land Access and Clean up

The scope of activities in the CER methodology in this section includes: access rights and permits, temporary work space, damages, re-establishing survey markers, as-built survey, updating GIS, and discharge rights. Additional costs factored into Land Access and Clean Up included geotechnical studies/reports and disbursements. These additional costs were based on L93 costs.

For the L93 DCE, the above costs were taken from the estimates of the construction phase of L93 and applied to the DCE, as they are expected to be similar for the removal and decommissioning as they would be for installation. Discrepancies between construction and decommissioning of L93 were accounted for by applying a numeric factor to the L93 construction costs.

#### 2.2b Pipeline Purging and Cleaning

The scope of activities in the CER methodology in this section includes: pump or draw down gas; pipeline pigging, cleaning and purging, including pre-cleaning pig runs, isolating pipe sections, final cleaning pig runs, testing pipe for cleanliness, and waste storage and disposal.

For the L93 DCE, a request for proposal was sent to a cleaning contractor, to which a cost estimate was provided for the purging and cleaning scope. Additionally, actual costs from a recent project (cleaning the original Line 3) were used to estimate the costs for purging and cleaning support, including a lump sum cost associated with Enbridge support, cleanliness testing, pig tracking, nitrogen injection, consumables, matting, freight, and waste storage, hauling, and disposal.

### 2.3 PIPELINE DECOMMISSIONING-IN-PLACE

The CER methodology includes a section for Abandoning (or Decommissioning) a pipeline in place. For the purpose of the L93 DCE, this section is assumed to be not applicable as the estimate will include the

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removal of all existing L93 pipe, except for those sections of pipeline that required special treatment, which fall within Section 2.4, Special Treatment.

### **2.4 SPECIAL TREATMENT**

The CER methodology includes an estimate for specific sections of the pipeline that require special treatment for abandonment (or decommissioning), such as horizontal direction drills (“HDD”), and major roadway crossings, railroad crossings or river crossings that are crossed by bore. For the L93 DCE, the assumption is that these sections will not be removed, but will be cut, capped and filled with a cementitious grout material.

For the L93 DCE, a request for proposal (“RFP”) was sent out to a pipeline contractor for the removal of the pipeline, with a request for the sections of pipe that are installed via HDD or bore to be cut, capped and filled with a cementitious grout material. The contractor provided this estimate separate from the removal scope based on construction spreads used during the installation of L93 (each spread contains a unique quantity of pipe installed via HDD or bore), and the sum of these costs are documented in Section 3.0.

### **2.5 PIPELINE REMOVAL**

Part 5 of the CER methodology, Pipeline Removal, is broken into two sub-sections: “Pipeline Removal and Backfilling” and “Pipeline Removal – Land Restoration”.

#### **2.5a Pipeline Removal and Backfilling**

The scope of activities in the CER methodology in this section includes: removing impediments and topsoil stripping, excavation, cutting and capping of pipelines, cutting of pipeline sections and removal to stockpile, loading and hauling of removed lines, disposal of lines, coating and associated facilities, backfill, and compaction.

For the L93 DCE, the above costs were provided by a contractor in response to the RFP that was sent requesting removal costs. A contractor RFP response was selected rather than the CER factor in this instance as costs for these activities are heavily dependent on specific factors such as workforce, site-specific conditions, unique challenges and topographic conditions for equipment and personnel access, delineation between contractor and Enbridge provided services, and other varying factors; therefore the CER unit cost for these activities would not be appropriate to use in the L93 DCE.

#### **2.5b Pipeline Removal – Land Restoration**

The scope of activities in the CER methodology in this section includes: restoration, reclamation and remediation of contamination, fencing and clean-up, soil decompaction, re-vegetation, and inspection of removal activities.

For the L93 DCE, the above costs were provided by a contractor in response to an RFP that was sent requesting removal costs. Similar to section 2.5a above, contractor provided costs were selected as the basis for the land restoration estimate due to location-specific factors. Additionally, contractor responses were gathered from contractors who were familiar with the site-specific challenges for L93 across Minnesota, which also factored into the decision to use contractor provided costs instead of CER unit costs.

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### 2.6 FACILITIES

Part 6 of the CER methodology, Above-Ground Facilities, is broken into thirteen sub-sections, based on separate parts of the facility. A cost estimate for each sub-section was provided by the contractor as part of the RFP response. The unit price removal costs were then applied to each of the 8 facilities and mainline valve sites along the route in Minnesota. The sub-sections break down the unit price removal costs into the following categories:

- a. Meter Manifold
- b. Valve Manifold
- c. Electrical Building
- d. Maintenance Building (not applicable – no maintenance buildings at stations)
- e. Above Grade Tank (not applicable – no tanks installed for L93)
- f. Booster Pump Station (not applicable – no booster pumps on L93)
- g. Below Grade Sump Tank
- h. Mainline Valve - Remote
- i. Mainline Valve - Manual (not applicable – no manual mainline valves)
- j. Mainline Instrument Building
- k. Pig Trap Assembly
- l. Pump Station (separated by pump configuration)
  - 2-pump configuration
  - 3-pump configuration
  - 4-pump configuration
- m. Terminal Piping (not applicable – included in above estimates for L93 scope)

Additional costs were added to Contractor-provided facility costs to account for:

- Cleaning piping and components in each facility prior to removal
- Above and below-grade pipe removal and hauling
- Instrumentation, wire, and electrical component disconnect and removal
- Removal, hauling, and disposal of concrete
- Removal, hauling, and disposal of gravel and aggregate
- Restoration of facilities to pre-construction state.

Added costs were dispersed across the 13 subcategories to remain aligned with Part 6 of the CER methodology.

### 2.7 CONTINGENCY

The CER methodology provides for a contingency inclusion in the DCE calculation. Enbridge uses the CER approved factor of 13% of the entire cost estimate, with the exception of the Engineering & Project Management and provisions for post decommissioning activities.

### 2.8 INFLATION

To account for inflation, a 10.55% cumulative inflation cost was added to the original estimate total from 2018. This was done by using Consumer Price Index data published by the U.S. Bureau of Labor Statistics for inflation from 2018 to 2022. The inflation factor was added to the estimate prior to contingency.

## ATTACHMENT A

### 3.0 DECOMMISSIONING COST ESTIMATE

	Category	Total
1	Engineering & Project Management	\$56,000,000
2	Permanent Decommissioning Preparation	\$68,000,000
a	Land Access and Clean Up	\$61,000,000
i	Damages	\$28,300,000
ii	Consultants	\$9,500,000
iii	Easements	N/A – No new easements - \$0
iv	Temp. Workspace + Ancillary Acquisitions	\$7,400,000
v	Disbursements	\$1,400,000
vi	Regulatory	\$1,300,000
vii	Survey & Studies	\$13,100,000
b	Pipeline Purging and Cleaning	\$7,000,000
3	Pipeline Decommissioning-in-Place	N/A
4	Special Treatment (HDDs/Bores)	\$7,000,000
5	Pipeline Removal	\$829,000,000
a	Removal and Backfilling	\$731,000,000
b	Land Restoration	\$98,000,000
6	Facilities	\$111,000,000
a	Meter Manifold	\$100,000
b	Valve Manifold	\$100,000
c	Electrical Building	\$2,000,000
d	Maintenance Building	N/A - \$0
e	Above Grade Tank	No Removal - \$0
f	Booster Pump Station	No Removal - \$0
g	Below Grade Sump Tank	\$1,000,000
h	Mainline Valve (Remote)	\$7,000,000
i	Mainline Valve (Manual)	N/A – No manual valves - \$0
j	Mainline Instrument Building	\$1,000,000
k	Pig Trap Assembly	\$100,000
l	Pump Station	\$100,000,000
i	2-pump configuration	\$12,000,000
ii	3-pump configuration	\$75,000,000
iii	4-pump configuration	\$13,000,000
6m	Terminal Piping	N/A – Included Above - \$0
7	Contingency	\$132,000,000
	Total	<b>\$1,203,000,000</b>