BEFORE THE
UNITED STATES DEPARTMENT OF STATE

APPLICATION OF ENBRIDGE ENERGY, LIMITED PARTNERSHIP FOR AN AMENDMENT TO THE AUGUST 3, 2009 PRESIDENTIAL PERMIT FOR LINE 67 TO INCREASE THE OPERATIONAL CAPACITY OF PIPELINE FACILITIES AT THE INTERNATIONAL BOUNDARY BETWEEN CANADA AND THE UNITED STATES

Pursuant to Executive Order 11423, 33 Fed. Reg. 11741 (Aug. 16, 1968), as amended by Executive Order 13337, 69 Fed. Reg. 25229 (Apr. 30, 2004), Enbridge Energy, Limited Partnership ("Applicant" or "Enbridge") hereby submits this Application to the Department of State ("Department") for an amendment to the August 3, 2009 Presidential Permit ("2009 Permit") issued by the Department authorizing the construction, operation, and maintenance of the Line 67 Pipeline across the U.S.-Canada border.[1] The Amendment requested here seeks authorization for only an operational change to the Pipeline; no facilities or pipe will be constructed in the 3-mile near-border area subject to the Department's jurisdiction. Specifically, Enbridge seeks an amendment to operate the Line 67 Pipeline up to its full design capacity.[2] The operational change requested by this Application, hereafter referred to as the "Line 67 Project" or "Project", will allow Enbridge to maximize the delivery capabilities of Line 67 to meet the

---

[1] Line 67 was commonly identified at the time as the "Alberta Clipper" pipeline.

.

[2] As stated at page 2-4 of the Final Environmental Impact Statement ("FEIS") issued in connection with the 2009 Permit, the capacity of a liquids pipeline can be expressed in terms of design capacity and annual capacity. "Design capacity" is the theoretical flow rate of a pipeline for a specific type of liquid and is calculated assuming theoretically ideal operating conditions. In liquid petroleum pipelines, the design capacity is the maximum instantaneous throughput that a pipeline is capable of achieving under design conditions for a specific liquid. "Annual capacity" is the average sustainable throughput over a year and is calculated assuming average annual historical operating conditions, including scheduled and unscheduled maintenance, normal operating problems, and crude supply availability. The annual capacity of a pipeline is typically 90 percent of design capacity. The full design capacity, or the ultimate capacity, of a pipeline will vary based on the type of product transported. The full design capacity for Line 67 is 880,000 bpd of heavy crude oil, yielding an annual capacity of 800,000 bpd for heavy crude oil. See FEIS at 2-50.

rising demands for additional transportation capacity for crude oil from western Canada. Canadian government approvals will also be sought for a like increase in capacity for the portion of Line 67 from its northern terminus at Hardisty, Alberta to the U.S.-Canada border.

This Application and attachments contain all of the information required by the Department of State's guidelines for Presidential Permits set forth at "Applying for Presidential Permits for Border Crossing Facilities (Canada)," dated January 21, 2009, *available at* http://www.state.gov/p/wha/rls/fs/2009/114990.htm, with the exception of an environmental report ("ER"). That ER is currently being prepared by Enbridge's environmental consultant and will be submitted to the Department upon completion for use by the Department in fulfilling its obligations under the National Environmental Policy Act, 42 U.S.C. § 4321, *et seq*., ("NEPA").

INTRODUCTION

The 2009 Permit authorized the construction, operation and maintenance of the 36-inch diameter Line 67 pipeline extending between the U.S.-Canada border near Neche, ND and the first U.S. mainline shut off valve or pumping station in the United States. *See* 2009 Permit, at pg. 1 (defining the "United States facilities" to which the Permit applies as "A 36-inch-diameter pipeline extending from the United States-Canada border near Neches (sic), North Dakota, up to and including the first mainline shut-off valve or pumping station in the United States."). That near-border segment of the Pipeline authorized by the 2009 Permit is only 3-miles long. Enbridge constructed the remainder of the Line 67 Pipeline in the United States to its southern terminus at Superior, Wisconsin, pursuant to other local, state and federal permits.

Enbridge completed construction and began operations of Line 67 in 2010. The Pipeline is in full operation, transporting approximately 450,000 bpd of crude oil from the Western Canadian Sedimentary Basin to downstream refinery markets in the Midwest and eastern U.S. and Canada, as well in the mid-central U.S. and U.S. Gulf Coast areas. As explained in more detail below in Section III, the Line 67 Project is designed to expand the through-put capacity of Line 67 up to its Full design capacity. This additional capacity is needed for shippers to meet the rising demand of U.S. and Canada refineries, which require access to additional secure and reliable supplies of crude oil from western Canada.

Enbridge is submitting this Application pursuant to the Department's direction that the 2009 Permit must be amended to authorize Enbridge to operate Line 67 at an annual capacity

above the 450,000 bpd that the Department analyzed in the FEIS completed in accordance with NEPA prior to issuance of the 2009 Permit. While pump stations will be expanded to accomplish the capacity expansion (as discussed further below), no physical changes to the Line 67 Pipeline itself will occur as a result of the Project. Thus, the same 36-inch diameter pipeline authorized by the Permit will remain in use. Further, the Line 67 Project contemplates neither physical changes or additions to the 3-mile segment of the Pipeline between the U.S.-Canada border and the first mainline shut-off valve, nor the addition of any pipeline-related facilities in that near-border area. Accordingly, the "United States facilities" to which the 2009 Permit applies by its terms will not be affected by the Project. Rather, Enbridge only seeks authorization from the Department to operate the existing physical pipeline facilities at an increased annual capacity.

In the United States, the Line 67 Project will require an expansion of certain existing pump stations, all of which are located in Minnesota. The minimal construction required at or proximate to these pump stations is described in further detail in Section III.

In Section IV of this Application, Enbridge will demonstrate that the Line 67 Project meets the National Interest test for granting an amended Presidential Permit. Specifically, the expansion of the Pipeline's capacity will serve the national interest for the same or similar reasons stated in the Department's August 3, 2009 Record of Decision/National Interest Determination ("ROD/NID") issued for the original Line 67 Project. The increased capacity will help to meet North America's need for reliable and secure transportation of crude oil supplies from growing production regions in western Canada and help to address tightening capacity on the Enbridge pipeline system.

Timely authorization of this Application is needed in order for Enbridge to increase Line 67's capacity level to 570,000 bpd by mid-2014 and to its full design capacity by md-2015. The approval timeline is on a critical path in order for Enbridge to meet the rising transportation requirements of its customers for additional pipeline capacity and access to refinery markets.

I. COMMUNICATIONS

Any communications with respect to this Application should be directed to:

Name:	David H. Coburn
Address:	Steptoe & Johnson LLP 1330 Connecticut Ave., NW Washington, DC 20036
Phone:	(202) 429-8063
Fax:	(202) 429-3902
Email:	dcoburn@steptoe.com

II. BACKGROUND

A. The Applicant

The Applicant is Enbridge Energy, Limited Partnership ("Enbridge"), a limited partnership duly organized under the laws of the State of Delaware.[3] Enbridge owns and operates the "Lakehead System," the U.S. portion of an operationally integrated pipeline system which connects producers and shippers of crude petroleum and natural gas liquids in western Canada with markets in the United States and eastern Canada. The Lakehead System spans approximately 1,900 miles from the international border near Neche, North Dakota to the international border near Marysville, Michigan, with an extension from facilities in Canada across the Niagara River into the Buffalo, New York area. The Lakehead System's facilities include underground pipe ranging from twelve (12) to forty-eight (48) inches in outer diameter. From Marysville, affiliated pipelines continue into the Canadian Provinces of Ontario and Quebec.

Enbridge is a wholly owned subsidiary of Enbridge Energy Partners, L.P. ("Enbridge Partners"), which is a Delaware master limited partnership headquartered at 1100 Louisiana, Suite 3300, Houston, Texas 77002 (ph. 713-821-2000; www.enbridgepartners.com). Enbridge Partners provides pipeline transportation of petroleum and natural gas in the Mid-Continent and Gulf Coast regions of the United States, in addition to gathering, processing, and other related operations. Its two primary business segments are Liquids Pipelines and Natural Gas

[3] Enbridge Energy, Limited Partnership was formerly known as Lakehead Pipe Line, Limited Partnership.

Transportation. The Liquids Pipelines segment involves the transportation by pipeline of crude petroleum and natural gas liquids via three main interstate pipeline systems (Lakehead, North Dakota and Ozark Systems). The Natural Gas Transportation business segment involves the interstate and intrastate transportation by pipeline of natural gas as well as related gathering, midstream, and marketing operations.

Enbridge Partners is a publicly held limited partnership; the Class A Common Units of Enbridge Partners trade on the New York Stock Exchange under the symbol "EEP" as regularly traded instruments and are available to the investing public through regular retail brokerage services. The majority ownership of Enbridge Partners is held by approximately 68,000 Class A unit holders. Enbridge Energy Management, L.L.C., ("Enbridge Management") is a limited liability company that trades on the NYSE using ticker symbol "EEQ," and was formed to manage and control the business and affairs of Enbridge Partners. Enbridge Energy Company, Inc. ("Enbridge Energy Company") is the general partner of Enbridge Partners and holds an approximate 22 percent (22%) interest in the Partnership. Enbridge Inc., a Canadian company, which has its head office in Calgary, Canada, and trades on the TSX and NYSE using ticker symbol "ENB," owns Enbridge Energy Company.

Enbridge Pipelines Inc., a subsidiary of Enbridge Inc., owns and operates the Canadian portion of Enbridge's pipeline system located in Canada that interconnects and delivers into the United States into the Lakehead System. Together, these two systems are referred to as the "Enbridge Mainline System."

B. Line 67

Line 67 is a 36-inch pipeline that transports crude oil from Enbridge's facilities in Hardisty, Alberta to an Enbridge terminal in Superior, Wisconsin ("Superior Terminal"). In the United States, Line 67 extends 326.9 miles from the U.S.-Canada border near Neche, North Dakota through North Dakota, Minnesota and Wisconsin to the Superior Terminal. From there, the crude is transported primarily to Midwestern markets and mid-central and Gulf Coast markets, as well as points in the Eastern United States and Canada. The U.S. portion of Line 67 facilities consist of a total of 32 mainline valves with current pumping units located at stations in Clearbrook (also a terminal location), Viking, and Deer River, Minnesota.

The 2009 Presidential Permit that authorized the construction, operation and maintenance of Line 67 between the U.S.-Canada border to the first mainline shut-off valve in the United

States, was issued following the Department's issuance of a FEIS on June 5, 2009. Consistent with NEPA, that FEIS assessed the potential impacts to surrounding resources resulting from construction, operation and maintenance of Line 67 and associated facilities. The Department issued a ROD/NID on August 3, 2009, concluding that the "preferred alternative would have limited adverse impact to the environment" and that the project "would serve the national interest, in a time of considerable political tension in other major oil producing regions and countries, by providing additional access to a proximate stable, secure supply of crude oil with minimum transportation requirements from a reliable ally and trading partner of the United States." ROD/NID, at 2-3.

The U.S. portion of Line 67 is an interstate common carrier liquids pipeline subject to regulation by the Federal Energy Regulatory Commission ("FERC") under the Interstate Commerce Act ("ICA"). Common carrier pipelines in interstate commerce provide service to any qualified shipper who requests transportation services, provided that products tendered for transportation satisfy the conditions and specifications contained in the applicable tariff. As a common carrier, Enbridge does not own the oil transported on Line 67 and does not control the final shipping destination. The ICA requires Enbridge to maintain tariffs on file with the FERC that set forth the rates charged for providing transportation services on its interstate common-carrier pipelines, as well as Enbridge's rules and regulations governing these services.

III. DESCRIPTION OF RELEVANT FACILITIES

As noted by the Department in the FEIS prepared prior to issuance of the 2009 Permit, the increase in capacity of Line 67 to its full design capacity will require the addition of new pumps and/or other upgrades at seven stations in Minnesota. Three of these (Viking, Clearbrook and Deer River) are currently Line 67 pump stations, while four other sites are currently pump stations for other Enbridge liquids pipelines proximate to Line 67. (See Figure No. 1). No additional pipeline or installation of new mainline valves outside these expanded station facilities, and no expansion of the existing Line 67 right-of-way, will be required. As stated in FEIS, at pg. 2-50, the "increase in capacity to 800,000 bpd [the annual capacity based on an full design capacity of 880,000 bpd for heavy crude] would not require any modifications to the [Line 67] pipeline itself."

Additionally, no facilities will be upgraded or added, nor will there be any construction of any kind, in the portion of Line 67 that falls under the Department's jurisdiction as defined in the 2009 Permit, *i.e.*, that section of the pipeline between the U.S.-Canada border and the first U.S. mainline valve. Rather, the only impacts in that jurisdictional section of the pipeline will be *operational* impacts in the form of a greater flow of oil through the Pipeline. The Permit amendment that is the subject of this Application relates solely to this operational change at the U.S. Facilities defined in the Permit.

A description of activities required to be undertaken to increase the capacity of Line 67 is provided below.

Figure No. 1: Project Overview Map

The initial phase of expansion is intended to relieve the bottleneck of pipeline capacity that shippers are currently experiencing on the Enbridge Mainline System and meet the near term capacity that has been requested by shippers by mid-2014. Through this phase of expansion, Enbridge proposes to optimize its existing pipeline system by installing additional pumping horsepower at three existing Line 67 pump station sites. These upgrades will enable Enbridge to

transport an incremental 120,000 bpd of crude petroleum from Hardisty to the Superior Terminal for further shipment to refineries.

Subject to the completion of permitting, this initial phase of Line 67 expansion up to an average annual capacity of 570,000 bpd is anticipated to be operational by July 1, 2014. All station expansions will be constructed on lands already owned by Enbridge at Line 67's existing pump station sites. Specifically, Enbridge will expand its Viking, Clearbrook, and Deer River stations in Minnesota. Outside of station piping that will need to be installed at these pump stations, no new pipeline will be installed in the Line 67 right-of-way.[4]

Approval to expand these three pump stations is being sought from the Minnesota Public Utilities Commission ("MPUC"), which currently has pending before it an Enbridge application for a Certificate of Need to upgrade certain pump stations so as to expand the capacity of Line 67 to an annual average annual capacity of 570,000 bpd (Docket PL-9/CN-12-590). That capacity expansion is proposed for completion in mid-2014. Additional approvals or consultations will be sought from, or undertaken with, other regulatory agencies with authority over construction at such pumping facilities, as further described in Section IX below.

To attain the full design capacity of Line 67 will require the installation of new pump stations and associated station piping, including valves and appurtenances, at four existing Enbridge facilities located at Donaldson, Plummer, Cass Lake, and Floodwood, Minnesota. These facilities currently serve Enbridge Lakehead system pipelines that are located within the same corridor as Line 67, but the facilities do not currently serve Line 67. The enhanced pumping at these stations would have no impact on any other Enbridge pipeline; the alterations described here would apply to Line 67 only.[5]

---

[4] At each of these stations, one (in the case of Viking) or two (in the case of the other two stations) additional pumps will be required, including new pumping unit piping and station valves. Associated civil, structural, electrical, instrumentation, controls, communications, and SCADA systems modifications also may be required at each site as a result of the new pumping unit addition. Modifications may also be required to occur to the existing pump building at each site to accommodate the new pump or pumps. Some additional site development, including berms, containment, fencing and grading may also be required, all within the existing respective footprints of each station.

[5] Specifically, the existing Donaldson, Plummer station, Cass Lake and Floodwood stations may each require the installation of new pumps and new motors dedicated to serve Line 67. Each station will also require the installation of a pressure control valve, the construction of an electrical substation, sonic flow meters for leak detection, and a station bypass check valve. New

In addition to the modifications that will be needed at these four stations to increase capacity beyond 570,000 bpd up to Line 67's full design capacity, further modifications may also be required at the Line 67 pump stations at Viking, Clearbrook, and Deer River. These modifications may require impeller replacements and volute inserts on pumps at each of the stations. As with the previously described modifications of these stations, no new land will be required for such modifications, and no construction will occur outside of the footprint at each station site.

Enbridge intends to file an additional application with the MPUC in early 2013 seeking a Certificate of Need for the facility changes described above required to attain the full design capacity of Line 67. It is anticipated that approval of that application could be granted in sufficient time so that the capacity increase can be accomplished by mid-2015.

C. Superior Terminal Expansion

Although outside the scope of its existing Permit and outside the purview of this Application, Enbridge notes that it will be undertaking an expansion at its Superior Terminal. Specifically, Enbridge plans to add two above-ground tanks which will be used for breakout and batching management of oil received from the capacity-enhanced Line 67, as well as for oil received via other pipelines within Enbridge's Lakehead System.

Expansion of the Superior Terminal will require the construction of two (2) 504,000 barrel working volume external floating roof above-ground tanks. Two (2) 48-inch tank lines per tank to manifold 225 will also be required, as will five (5) 36-inch lateral lines between manifolds 223 and 225. An above-grade pipe rack will also be necessary, as will associated valves and piping at manifolds 223 and 225.

The Superior Terminal expansion is being undertaken in part for reasons unrelated to the Project. Thus, the Terminal expansion is being undertaken to also accommodate increased volumes and required break-out tank and batch management for crude oil transported via other

---

buildings at each of the stations will be constructed to house the pumps, motors, and electrical substation. Associated civil, structural, electrical, instrumentation, controls, communications, and SCADA systems modifications will also be required as a result of the new units. Enbridge will acquire additional properties as may be needed to accommodate the changes to be made at the Donaldson, Plummer, Cass Lake and Floodwood stations.

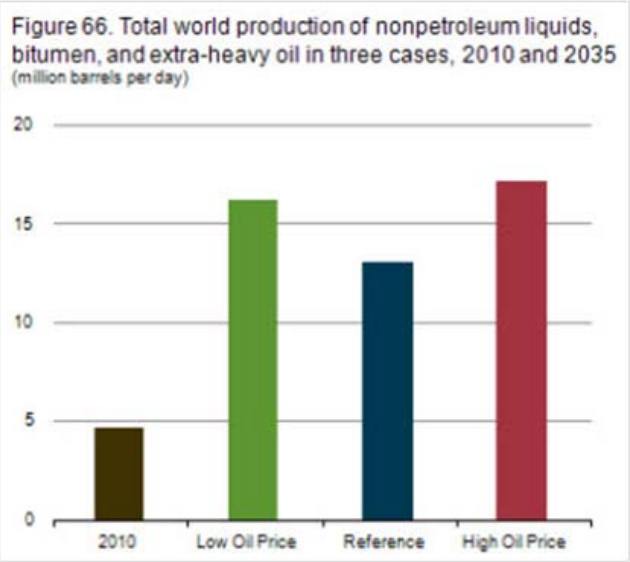
pipelines delivering into and extending out of the Superior Terminal. The August 2009 Permit does not address the Superior Terminal and Enbridge is not asking that the amended permit for which it is applying here address that Terminal.

IV. THE AMENDED PERMIT WOULD SERVE THE NATIONAL INTEREST

Enbridge submits that amendment of the 2009 Permit as sought here will serve the national interest for the reasons stated in the Department's August 2009 ROD/NID underlying the 2009 Permit. The Department determined in that document that the addition of crude oil pipeline capacity resulting from construction, operation and maintenance of Line 67 would serve "the strategic interest of the United States for the following reasons": (1) "it increases the diversity of available supplies among the United States' worldwide crude oil sources in a time of considerable political tension in other major oil producing countries and regions;" (2) "It shortens the transportation pathway for a sizeable portion of United States crude oil imports;" (3) "It increases crude oil supplies from a major non-Organization of Petroleum Exporting Country producer which is a stable and reliable ally and trading partner of the United States;" (4) "the United States and Canada, through bilateral diplomacy and a Clean Energy Dialogue process that is now underway, are working across our respective energy sectors to cooperate on best practices and technology … so as to lower the overall environmental footprint of our energy sectors;" (5) "Approval … will also send a positive economic signal, in a difficult economic period, about the future reliability and availability of a portion of United States' energy imports;" (6) "It provides additional supplies of crude oil to make up for the continued decline in imports from several other major U.S. suppliers;" and (7) the project "would result in limited adverse environmental impacts." ROD/NID, at 25-26.

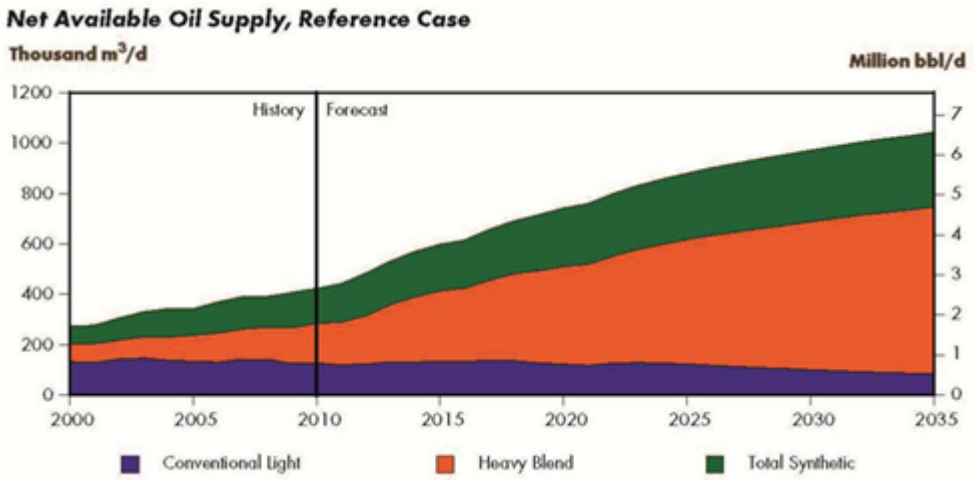
The Line 67 Project will allow the Pipeline to continue to serve the national interest for the same or similar reasons. Authorizing the increased capacity requested here will help to meet the growing demands of Enbridge's shippers, many of which are U.S. refiners. While domestic supplies are growing, these refiners will still depend for the foreseeable future on reliable pipeline transportation of crude oil imported from western Canada.

The Energy Information Administration's Annual Energy Outlook 2012 forecast for world production anticipates the continued growth of heavy crude oil, such as production from Canada's oil sands region.



The International Energy Agency's executive summary of its November 2012, World Energy Outlook ("WEO 2012") reinforces this forecast, concluding that the combination of U.S. production, with increases largely from unconventional shale, along with supply from Canada's oil sands region, will move North America to become a net oil exporter around 2030. (WEO2012 Executive Summary). The forecasted increase in North American supply will help ensure that there is an adequate supply of oil for U.S. refiners from nearby and stable sources, while reducing dependence on oil from less stable nations.

After accounting for changes in Canadian crude oil consumption, the net crude oil supply available for export into the United States has increased by approximately 960,000 bpd in the last ten years. The figure below provides both the historical supply data and the most recent long-term forecast released by the National Energy Board ("NEB") of Canada. The forecast is contained in the November 2011 report, *Canada's Energy Future: Energy Supply and Demand Projections to 2035.* As shown by the figure, it is forecasted that Western Canadian crude oil supply will increase by another 1.9 million bpd by 2020. The forecast volumes found in the NEB report are similar to those provided in forecasts performed by the Canadian Association of Petroleum Producers ("CAPP") and Enbridge itself.



Downstream refinery markets in the Midwest, Gulf Coast and other portions of the U.S. and eastern Canada not only continue to require additional access to secure and reliable North American produced crude oil supplies to meet their feedstock requirements, but are concurrently reducing reliance on imports from less-stable foreign nations outside North America. According to a recent report, "[i]n 2011, Canada exported over 2.2 million b/d to the U.S., which was 12 per cent more than in 2010 and was equivalent to almost 25 per cent of total U.S. imports. Of these volumes, 2.0 million b/d was sourced from western Canada. The next largest sources of imports to the U.S. were Saudi Arabia, Mexico and Venezuela. Western Canadian production could continue to capture an even larger share of U.S. imports as it replaces volumes currently supplied by these countries. A number of factors in the near term are expected to reduce supplies available to the U.S. from these sources. These include: declining production, increased domestic consumption and the diversion of supplies to Asia." Canadian Association of Petroleum Producers, *Crude Oil Forecast, Markets & Pipelines*, at pg. 13 (June 2012), available at http://www.capp.ca/forecast/Pages/default.aspx. *See also* the November 29, 2011 EIA Report entitled, "Crude Oil and Total Petroleum Imports Top 15 Nations," available at http://www.eia.gov/pub/oil_gas/petroleum/data_publications/company_level_imports/current/import.html (showing increasing U.S. imports from Canada and the decreasing volume of U.S. imports from many other oil exporting nations).

Shippers continue to request additional near- and long-term capacity on Line 67 to transport heavy crude from growing production regions in western Canada, which have become

one of the most prolific sources of crude oil in the Western Hemisphere. However, the pipelines which comprise the common carrier Enbridge Mainline System are at or near their capacity. To address this issue, Enbridge has been working diligently with its shipper customers and with industry consultants. It has determined that the increased supply of crude oil afforded by the Line 67 Project offers a very efficient means of adding to the transportation capacity needed to tap the portion of this growing supply from western Canada. A substantial increase in Line 67 capacity above the current 450,000 bpd can be provided in a prudent, cost-effective manner by adjustments made at existing facilities and within the current right-of-way, and thus without any significant adverse environmental impacts.

The Line 67 Project is thus an essential element in Enbridge's plans to meet shipper needs through capacity increases. The destination refinery markets for the incremental Line 67 supply of heavy crude oil are already equipped to process heavy crude. Accordingly, no refinery upgrades and/or expansions are being undertaken in connection with the expansion of capacity afforded by the Line 67 Project.

While the primary purpose and benefit of this Project is to meet increased transportation capacity demand by ensuring refinery access to secure and reliable crude oil to use as raw feedstock, there are also secondary benefits associated with the Line 67 Project. By helping to meet the needs of the U.S. consuming public for secure and reliable crude oil supplies, the Line 67 Project will have a positive economic impact in the United States, and contribute to tax revenues. It will also result in job creation and a ramp-up in the purchase of goods and services during construction periods. Using the Regional Input-Output Modeling System (http://www.bea.gov /regional/rims/), Enbridge estimates that approximately 600 person-years of jobs will be created during the period that upgrades are completed for the initial planned capacity increase to 570,000 bpd, while approximately 2,400 person-years of jobs will be created for the expansion up to the full design capacity. More than half of these workers will typically be from Minnesota and surrounding states, depending on the availability of local skilled workers.

The total economic benefit for the entire Project is estimated to be approximately $450 million, which includes the multiplier impact of new job creation, additional taxes and other economic benefits. Unemployment in the area would be temporarily reduced and payroll taxes would temporarily rise during Project construction. Local businesses, specifically in the communities near the Enbridge stations where work is focused, would also benefit from the

temporary demand for goods and services generated by the workforce's need for food, lodging, and supplies. Enbridge expects to purchase some of the materials necessary for construction of the Project locally, including consumables, fuel, equipment, and miscellaneous construction-related materials. In addition, Enbridge plans to procure major engineered equipment, such as pumps, from U.S. manufacturers.

Further, based on the anticipated total cost of the Line 67 Project and current ad valorum tax schedules, Enbridge estimates it could pay as much as $2.85 million in additional annual property taxes in Minnesota, subject to assessments by local government units. Additional discussion of positive job and tax benefits will be provided in Enbridge's forthcoming ER.

V. OPERATIONAL SAFETY

As an interstate crude petroleum pipeline, Enbridge's design, maintenance, operation, and emergency preparedness functions for Line 67 are regulated by the Pipeline and Hazardous Materials Safety Administration of the United States Department of Transportation ("PHMSA") under 49 C.F.R. Parts 194 and 195, and other applicable federal pipeline rules, as well as relevant state laws. Enbridge will here summarize some key elements relating to the safety of its Line 67 operations and maintenance. Additional detail regarding the operation and maintenance of the Project will be provided in Enbridge's forthcoming ER.

i. Control Operations

Line 67 is currently controlled through the Enbridge Pipeline Control Center, located in Edmonton, Canada. This is a new control center that was opened in December 2011, which allows for greater interaction and support between operators for the continuously monitored system and meets the new control center operational rules issued in recent years by PHMSA.[6]

The Control Center is manned by pipeline operators 24 hours-a-day. A computerized pipeline control system allows the operators to remotely monitor and control the pipeline and related facilities. The Control Center also serves as an emergency center to receive calls from employees, the public and public officials reporting unusual conditions or suspected pipeline failures. The computerized pipeline control system has been designed and continually upgraded and enhanced to monitor and control the pipeline within pre-established minimum and maximum

[6] While located in Canada, the control center is subject to PHMSA regulation.

operating pressures. Both the computer system and operating practices include procedures for abnormal operating conditions, including emergency shutdown and isolation of the pipeline and notification procedures in the event of suspected emergencies.

Recent enhancements have been made to Enbridge's Pipeline Control and Control Center Operations (CCO), as follows:

- During 2011 and 2012, Enbridge implemented a Control Room Management (CRM) plan based on the new regulations in 49 C.F.R. Part 195.
- Revised and enhanced all procedures pertaining to decision making, handling pipeline startups and shutdowns, leak detection system alarms, communication protocols, and suspected abnormal operations.
- Enhanced the organizational structures to better support our operators and to manage span of control and workloads.
- Augmented CCO staff, adding training, technical support, engineering and operator positions.

Enbridge also established a Pipeline Control Systems and Leak Detection department, doubling the number of employees and contractors over the last two years dedicated to leak detection and pipeline control, including:

- Enhanced procedures for leak detection analysis.
- Implemented a Leak Detection Instrumentation Improvement Program to add and upgrade instrumentation across its system.

ii. Inspection

Enbridge conducts routine inspections of Line 67 and its facilities, including the facilities that will be upgraded as part of the Project, to ensure that the system is operating properly and in compliance with relevant safety regulations, including those at 49 C.F.R. Part 195. The Line 67 and station cathodic protection systems currently in place will be modified as required at station sites for the additional facilities described above. The pipeline system is also regularly inspected by aerial patrol.

Enbridge periodically inspects the station components of its pipeline system, in accordance with the standards of 49 C.F.R. Part 195, including the integrity management of pipelines and facilities in high consequence areas. All overpressure safety devices capable of

limiting, regulating, controlling, and/or relieving operating pressures are inspected annually and tested to ensure the device is in good mechanical condition and functioning properly.

iii. Maintenance

Many other maintenance activities are performed on Line 67 as discussed during the environmental review and permitting process when Line 67 was initially constructed. Such maintenance activities will be applied to the facilities that will be installed as described above. Enbridge's Operating and Maintenance Procedures meet and, in many cases exceed, federal safety standards set forth in 49 C.F.R. Part 195.

iv. Emergency Preparedness

Enbridge's emergency response program has been prepared in compliance with PHMSA rules under 49 C.F.R. Part 194 and will be updated as necessary to reflect the additional volumes of crude oil that will be transported following completion of this Project. The Emergency Response Plan has been reviewed and approved by PHMSA and includes pre-planning, equipment staging, emergency notifications, and emergency and leak containment procedures.

Enbridge has also developed a cross-business unit response team for large-scale events requiring more resources that a single region can provide and created a dedicated Emergency Response group in Operation Services for increased regional support. Enbridge is enhancing equipment, training, and overall response capabilities consistently as improved technologies become available to support worst case incidents within its pipeline systems. Enbridge has also expanded its emergency and public official awareness program and is in the process of launching an emergency first responder on-line training module, expected to be operational and available to all local and state responders by early 2013.

v. Hydrostatic Testing

All new pressurized piping and components required to be installed as part of the Project will be factory tested, rated and, as required, field pressure tested in accordance with federal pipeline safety regulations and nationally recognized technical codes and standards. The hydrostatic test water discharges will be for the new piping, valves and other components at the stations. Line 67 was constructed and hydrostatically tested for full design capacity and

additional hydrostatic tests of the existing line are not required to establish the regulatory compliance maximum allowable operating pressures needed to achieve the proposed capacity. The pressure testing process at Minnesota stations will be implemented in accordance with Enbridge's Environmental Management Plan and permits issued by the appropriate regulatory agencies.

VI. FINANCING

Enbridge estimates that the cost of the expansion outside of the relevant 3-mile area will be approximately $199.2 million. Enbridge estimates that the cost of the facility upgrades to increase operating capacity from 450,000 to 570,000 bpd will be approximately $39.9 million. The cost for the station upgrades to increase operating capacity up to the full design capacity will be approximately $159.3 million. Consistent with its existing financing program, Enbridge Partners intends to finance the Project with 50% equity and 50% debt. There will be no facilities or costs in the relevant 3-mile area.

VII. ENVIRONMENTAL

An ER which discusses the human and environmental impacts of the Project proposed here is being undertaken by Enbridge with the support of resources and expertise of its environmental consultant, the Natural Resource Group ("NRG"). An ER prepared in support of this Application will be provided to the Department in the coming weeks. Applicant is aware of the Department's obligation to comply with NEPA.

VIII. OTHER U.S. APPROVALS

The table below identifies a preliminary list of U.S. permits, licenses, approvals and/or consultation requirements Applicant will be seeking for the Project.

Federal/State Agency/Department	Approval Needed
U.S. Army Corps of Engineers	Construction of facilities in or near wetlands may require approval from the Corps.
U.S. Fish and Wildlife Service	The agency will need to be consulted by the Department under Section 7 of the Endangered Species Act regarding potential habitat or species impacts posed by the construction of the

	facilities.
U.S. Environmental Protection Agency	The EPA will review storm water and hydrostatic test discharges at the Cass Lake Station, due to the station being within Leech Lake Band of Ojibwe reservation boundaries.
State Historic Preservation Officers (SHPO)	SHPOs in Minnesota will need to be consulted regarding any historical or cultural resources that may be impacted by the construction of any facilities.
Minnesota Public Utilities Commission (MPUC)	The MPUC will be required to issue a certificate of need for the expanded pump stations.
Minnesota Department of Natural Resources	The state agency will be required to issue water appropriation permit for trench dewatering, and must also be consulted regarding species that may be impacted by the Project.
Minnesota Pollution Control Agency (MPCA)	The MPCA will be required to grant approval for Enbridge to utilize the NPDES construction stormwater general permit. The MPCA will also be responsible for issuing a Section 401 water quality certification.

On October 8, 2012, Enbridge submitted an application to the MPUC to increase capacity of Line 67 up to 570,000 bpd. *See* MPUC Docket No. PL-9/CN-12-590. Final action on that application is expected by September 2013. As noted above, Enbridge intends to submit another application to the MPUC seeking authority to further increase the capacity of Line 67.

Additional details regarding each of the permits, approvals and consultations, as well as Enbridge's relevant permitting actions will be further described in the forthcoming ER.

IX. CANADIAN APPROVALS

The Project will require that Enbridge obtain various Canadian approvals for the addition of horsepower sufficient to allow capacity expansion of Line 67 up to 570,000 bpd, and the further addition of horsepower to allow for expansion to the full design capacity. On October 12, 2012, Enbridge submitted an application for the initial expansion to the National Energy Board ("NEB") under the agency's Section 58 process for the facilities required in Canada requesting an authorization allowing Enbridge to construct and operate facilities necessary to increase the capacity of Line 67 to 570,000 bpd by mid-2014. That application remains pending. An environmental assessment will be completed as may be necessary by the Canadian Environmental Assessment Agency. The NEB also has an independent mandate to consider and

take into account potential socio-economic and environmental impacts of the Project under the provisions of the Canadian Environmental Assessment Act.

Other federal and provincial authorizations and permits will be required and it is also expected that development and building permits that may be required will be obtained from various municipalities in Canada. Any relevant additional detail regarding Canadian approvals will be provided in the forthcoming ER.

The Canadian portion of the Project will also be implemented in approximately the same time frames for capacity expansion as are described above. The Table below reflects the major permits that Enbridge will seek to secure from Canadian agencies for the portion of the Project in Canada. Additional permits, licenses and/or approvals may be necessary as pipeline design and planning progresses. Enbridge anticipates that the Canadian approvals required for the Line 67 Project will be granted.

Preliminary List of Canadian Federal Regulatory Authorizations for the Line 67 Project

Name of Permit	Brief Description
National Energy Board Section 58 Exemption Order	Permits the construction and operation of applied-for facilities (new pumps and associated infrastructure within Enbridge facilities)
Municipal Development Permits	Permit local development
Municipal Building Permits	Ensure adherence to building code standards
Aquatic Habitat Protection Permits	Permits the permanent impact to adjacent wetlands required for expansion (Saskatchewan Ministry of Environment)
Water Rights Act and/or Water Protection Act Authorization	Permits the permanent impact to adjacent wetlands required for expansion (Government of Manitoba)
Historical Resources Screening / Clearance	Historical resources clearance in the provinces of Manitoba and Saskatchewan
Private Land Checklist	Saskatchewan Ministry of Environment
Code of Practice for the Temporary Diversion of Water for Hydrostatic Testing of Pipelines	Facility hydro testing notification (Alberta Environment Sustainable Resource Development). Water Act.

X. CONCLUSION

For all the reasons stated above, the Applicant submits that the expansion of Line 67 capacity is in the national interest of the United States. Therefore, Applicant respectfully requests that the Department issue an amendment to the August 2009 Presidential Permit to allow Enbridge to operate Line 67 up to its full design capacity in the 3-mile area of the pipeline subject to Department jurisdiction.

Respectfully submitted,

David H. Coburn
Joshua Runyan
STEPTOE & JOHNSON LLP
1330 Connecticut Ave., NW
Washington, DC 20036
(202) 429-8063

Attorneys for Enbridge Energy, Limited Partnership

November 20, 2012