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*PLEASE RESPOND TO DULUTH OFFICE*

**VIA E-FILING**

August 20, 2014

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Dr. Burl W. Haar  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
Saint Paul, MN 55101-2147

**RE: *In re Enbridge Energy, Limited Partnership's Line 67 Station Upgrade Project, Phase 1, MPUC Docket No. PL9/CN-12-590***

Dear Dr. Haar:

This letter provides an update to the Minnesota Public Utilities Commission ("MPUC") on the status of Enbridge Energy, Limited Partnership's Line 67 Station Upgrade Project, Phase 1 (the "Project"), for which the MPUC issued an Order Granting a Certificate of Need on August 12, 2013 (the "Order").<sup>1</sup> The Project involves construction of new pumping capacity at Enbridge's facilities located in Viking, Clearbrook, and Deer River, Minnesota, enabling Enbridge to increase the annual average capacity of the pipeline to 570,000 barrels per day ("bpd"). The purpose of the Project is to avoid adverse impacts to Enbridge's shippers, which supply the refineries in Minnesota and the surrounding region with crude oil.

Enbridge is required to obtain and comply with all relevant permits issued by other federal, state, and local permitting authorities.<sup>2</sup> One permit specifically listed in the Order is an amended Presidential Permit to be issued by the U.S. Department of State (the "Department").<sup>3</sup> Enbridge submitted an application to the Department to amend the Presidential Permit to increase the capacity of Line 67 up to its full design capacity on

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<sup>1</sup> MPUC Docket No. PL9/CN-12-590.

<sup>2</sup> See Order, p. 6-7.

<sup>3</sup> Other permitting authorities or agencies that reviewed the Project include the U.S. Army Corps of Engineers, the U.S. Fish & Wildlife Service, the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and the State Historic Preservation Office - Minnesota Historical Society.

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November 20, 2012.<sup>4</sup> More recently, Enbridge evaluated additional means for meeting shipper needs for crude oil in accordance with existing Presidential Permits for its pipelines that cross the U.S.-Canada border. Enbridge has determined that it can make modifications to its pipeline system outside the State of Minnesota to adjust the flow of oil across the U.S.-Canada border in order to increase the flow of crude oil on the non-border segment of Line 67, thereby enabling transportation of 570,000 bpd on Line 67 through Minnesota.

Enbridge described its plan to modify its existing pipeline operations to the Department, and the Department has advised Enbridge that no authorization is required from the Department with respect to Enbridge's plan. The Department's letter is included as Attachment A. Accordingly, Enbridge will be able to move the fully-permitted capacity of 570,000 bpd on Line 67 in Minnesota in compliance with the Order once the system modifications and construction of the Project are complete, which is expected in the coming months. All other required permits have been issued.

At this time Enbridge will only transport 570,000 bpd on Line 67. The system modifications will ultimately allow more than 570,000 bpd to move on the United States portion of Line 67 south of the U.S. - Canadian border segment. Enbridge, however, must still receive approval for the Line 67, Phase 2 project from the MPUC,<sup>5</sup> as well as other approvals from the U.S. Army Corps of Engineers and other agencies before constructing the pumping facilities needed to increase the capacity of Line 67 beyond an annual average capacity of 570,000 bpd.

The benefit of the system modifications is that they will allow Enbridge to operate Line 67 at the capacity permitted in Minnesota, thereby reducing the adverse impact that apportionment on Line 67 has on Enbridge's shippers and the refineries they serve in Minnesota and neighboring States. Please contact me with any questions that you may have regarding Enbridge's plans described above.

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<sup>4</sup> The application to the U.S. Department of State also included the volume to be transported by Enbridge's Phase 2 upgrade to Line 67, currently under review by the MPUC in docket number PL9/CN-13-153.

<sup>5</sup> MPUC Docket No. PL9/CN-13-153.

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Very truly yours,

/s/ John R. Gasele

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United States Department of State

Washington, D.C. 20520

VIA EMAIL

David H. Coburn  
Steptoe & Johnson, LLP  
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July 24, 2014

Dear Mr. Coburn,

Thank you for your letter of June 16, 2014, in which you describe the changes that Enbridge Energy, Limited Partnership (Enbridge) has made to its plans for the Line 67 Expansion Project. Based on the information you have provided, Enbridge's intended changes to the operation of the pipeline outside of the border segment do not require authorization from the U.S. Department of State. Should, however, any of the provided information prove to be materially incorrect or incomplete, we would need to revisit that conclusion. Furthermore, that conclusion only applies to the existing Presidential Permit and does not have an impact on the authority of any other federal agencies or other entities or groups that may need to approve or acquiesce to these changes.

Pursuant to your June 16 letter, we will consider the letter and its attachments (including the project description at Exhibit C) to amend and be part of your application for a Presidential Permit for the capacity expansion in Line 67. Thank you as well for submitting the redacted version of that letter on July 18; we will post the redacted letter and the attachments from the original letter for public review on our website with the rest of the application.

The Department has been carefully analyzing the intended new approach to the proposed Line 67 capacity expansion project described in the June 16 letter. Since the intended new approach introduces more complexity to the scope of the environmental analysis for the Supplemental Environmental Impact Statement (SEIS), the Department will release a new Federal Register Notice updating the March 15, 2013 Notice of Intent<sup>1</sup> in order to inform the public and agencies

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<sup>1</sup> "Notice of Intent" here refers to the Notice of Intent To Prepare a Supplemental Environmental Impact Statement (SEIS) and To Conduct Scoping and To Initiate Consultation Consistent with the National Environmental Policy Act (NEPA) and Section 106 of the National Historic Preservation Act (NHPA) for the Proposed Enbridge Energy, Limited Partnership, Line 67 Capacity Expansion Project. 78 F.R. 16565 (March 15, 2013).

of the new project description. That Notice will also invite public and other agencies' views on the proposed scope of our review.

Regarding the scope of the review, the Department has determined that, based on the previous scoping comments and an assessment of the new information you provided (including regarding related actions), the Department's supplemental environmental analysis will still include an evaluation of potential impacts associated with the full-line capacity increase in Line 67 and information on the infrastructure changes required to achieve that capacity increase (as described in Enbridge's original Line 67 Permit application and clarifications thereto). In addition, the Department will analyze whether there are additional and/or different reasonably foreseeable impacts that would occur in Line 3 and/or in another set of facilities in the Lakehead System stemming from the planned increase in capacity. We will contact you separately to request additional data concerning these issues.

Please do not hesitate to let us know if you have any further questions. We look forward to continuing to work with you.

Thanks and best regards,



Patrick Dunn





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