



March 25, 2011

Commissioner Tony Clark, Chairman  
Commissioner Kevin Cramer  
Commissioner Brian P. Kalk  
North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, North Dakota 58505-0480

RE: Docket No. PU-10-613, EPND Pipelines (North Dakota) LLC  
Beaver Lodge Loop Project - Late Filed Exhibits No. BL-7, BL-8:  
Report on Discussions with Mountrail County and Idaho Township  
Representatives Re: Location of Pipeline in South ½ of Sections 32, 33

Dear Commissioners:

Please accept this letter as Enbridge Pipelines (North Dakota) LLC's ("EPND") Late Filed Exhibits No. BL-7 and BL-8 in the above-referenced matter.

### **INTRODUCTION AND PROCEDURAL HISTORY**

During the North Dakota Public Service Commission ("ND-PSC") Public Hearing for EPND's Beaver Lodge Loop Project ("BLLP") on January 20, 2011, in Kenmare, Ward County, North Dakota, the ND-PSC received testimony from Mr. David Enander individually and in his capacity as an Idaho Township representative, regarding BLLP, the widening of 61<sup>st</sup> Street NW in the vicinity of the City of Stanley, and the unarticulated future development of his real property. In consideration of Mr. Enander's comments, EPND requested and ND-PSC directed that EPND file a late filed exhibit ("Late Filed Exhibit No. BL-7") regarding EPND's communications with Mr. Enander in his capacity individually and as Idaho Township Representative.

Additionally, the ND-PSC received testimony from Mr. David Hynek in his capacity as a Mountrail County Commissioner, regarding BLLP, the widening of 61<sup>st</sup> Street NW in the vicinity of the City of Stanley, and the development of Mountrail County Community Buildings on real property owned by the City of Stanley at the intersection of County Road 8 and 61<sup>st</sup> Street NW<sup>1</sup>. In consideration of Mr. Hynek's comments, EPND requested and ND-PSC directed that EPND file a late filed exhibit ("Late Filed Exhibit No. BL-8") regarding EPND's communications with Mr. Hynek in his capacity as Mountrail County Commissioner.

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<sup>1</sup>The City has consented to the installation of the BLLP pipeline as proposed by Enbridge on a separate parcel it owns to the north of the property on which the County intends to erect its Community Buildings and has executed an Option for Right-of-Way and Easement for the route proposed in Docket No. PU-10-612 and presented at the January 20, 2011 public hearing.

Finally, the ND-PSC received testimony from Mr. Gary Koschmeder in his capacity as representative of Farmers' Union Oil Co. ("Cenex"), regarding BLLP and the possible development of Cenex's real property ½ mile east of the intersection of 82<sup>nd</sup> Avenue NW and 61<sup>st</sup> Street NW.<sup>2</sup>

As it did prior to the Public Hearing, EPND has continued to communicate with each of these parties to discuss their concerns and to develop solutions that are mutually acceptable to the parties.

In addition to updating the ND-PSC on those communications, this letter will provide additional detail regarding:

1. EPND's Public Affairs Community Outreach efforts prior to the Public Hearing; and
2. EPND's Engineering and Environmental Evaluation of the proposed BLLP Route and alternatives raised at the public hearing.

### **EPND'S BEAVER LODGE LOOP PROJECT** (See Attached Exhibit A)

To reiterate prior filings, EPND's Beaver Lodge Loop Project is a reliable, efficient and cost-effective means of expanding EPND's export capacity while accommodating the receipt of new and increasing volumes of North Dakota Sweet Crude production being delivered from the gathering areas of Williams, McKenzie and Mountrail Counties. At an estimated cost of \$218 million, BLLP involves the construction of a new 56-mile, 16-inch outside diameter transmission line in Williams, Mountrail and Ward Counties.

But for approximately 10 miles, BLLP will be co-located with EPND's existing pipeline from Beaver Lodge Station in Williams County to its Berthold Station in Ward County. BLLP also includes the installation of new pumping station facilities and tankage at each of EPND's Beaver Lodge, Stanley and Berthold Station sites. As proposed, BLLP will provide shippers with an incremental 145,800 bpd of additional pipeline capacity necessary to move Bakken Sweet Crude production from new and existing receipt locations at EPND's Beaver Lodge and Stanley Stations in Williams and Mountrail Counties to its Berthold Station in Ward County.

At Berthold, shippers have access to refinery markets through EPND's pipeline system or Enbridge's Mainline System at Clearbrook, MN, including the Minneapolis/St. Paul refineries accessed by other third-party pipelines originating at the Clearbrook Terminal. From Clearbrook, shippers have access to refineries throughout the Great Lakes region of the Upper Midwest and the Midcontinent markets connected to Cushing, Oklahoma via Enbridge's Mainline System or eastern markets via other interconnecting third-party pipelines. BLLP will relieve much of the current demand for pipeline capacity out of the gathering hubs within the Bakken and Three Forks production areas, while providing the foundation for timely future expansions.

EPND conducted a successful non-binding open season in December 2009, receiving requests for pipeline capacity out of the North Dakota Bakken region in the range of 100,000 – 130,000 bpd. Since that time, EPND has received sufficient binding commitments to proceed with BLLP, as well as its Bakken Pipeline Project (US and Canada).

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<sup>2</sup> EPND possesses a blanket easement with multiple pipeline rights on Cenex's property that entitles EPND to install the new pipeline in a location that is best suited for EPND's needs.

## **PUBLIC AFFAIRS COMMUNITY OUTREACH**

EPND filed its Applications for Corridor Certificate and Route Permit with the ND-PSC on November 17, 2010<sup>3</sup>. A copy of each application was also placed on file for public review in the office of the County Clerk in each of the counties traversed by BLLP, including the Mountrail County Clerk's Office. Prior to filing the applications, EPND's Community Relations Advisor, Kesley Myhre, held various community outreach meetings along the BLLP route. Those meetings took place on November 3<sup>rd</sup> through 5<sup>th</sup>, 2010 and again on November 9<sup>th</sup> through 11<sup>th</sup>, 2010 in the communities of Williston, Berthold, Minot, Stanley, Tioga, and Kenmare. Along with discussing EPND's various North Dakota projects, Ms. Myhre provided an array of written materials<sup>4</sup>, including the Enbridge Pipelines (North Dakota) LLC brochure, Beaver Lodge Loop Project handout, Bakken Expansion Program handout, and Ms. Myhre's business card for future contact. In particular, Ms. Myhre met with the following officials among others:

Date	Location	Attendees
11/9/2010	City of Stanley	Ward Heidbreder, City Coordinator; Dennis Lindahl, Stanley Commercial Club
11/9/2010	Mountrail County Courthouse	Joan Hellekim, County Auditor
11/10/2010	Mountrail County Shop	Don Longmuir, County Planner and DES Coordinator

Additionally, on January 12, 2011, local public officials were mailed a letter describing the Bakken Pipeline Project US and BLLP, as well as notifying them of the ND-PSC Public Hearing. State and federal public officials were contacted by U.S. Mail and e-mail on or about January 14, 2011. Mountrail, Ward and Williams County Officials on this mailing list included county board commissioners, administrators, auditors, sheriffs, and emergency managers. Stanley, Berthold and Tioga City Officials contacted included mayors, council members, administrators, clerks, economic development coordinators, auditors, and fire and police chiefs. Township officials along the route were also contacted, including phone calls to the chairs of Idaho, Egan and MacGahan Townships.

Prior to the Public Hearing, Don Longmuir, Mountrail County Planner and DES Coordinator, contacted EPND to discuss the BLLP route. Mr. Longmuir suggested that EPND contact Mike Hynek, Stanley Mayor, and David Hynek, Mountrail County Commissioner. EPND's Public Affairs Department placed calls to both individuals. David Hynek could not be reached. Mike Hynek asked for and received a return call from EPND's Lands & Right-of-Way Department to discuss the BLLP route.

## **LANDS AND RIGHT-OF-WAY AGENT CONTACTS**

EPND's Lands & Right-of-Way agents have been diligently working with the Enanders and Cenex to better understand their individual concerns with BLLP and attempt to reach a mutually agreeable resolution of those concerns. Although Idaho Township and Mountrail County have no ownership interest in the lands proposed to be traversed by BLLP, EPND's Lands & Right-of Way agents have

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<sup>3</sup> Between October 17, 2010 and November 1, 2010, EPND also ran advertisements in nine different regional periodicals. (See Exhibits B - K)

<sup>4</sup> Materials provided included: EPND Brochure, Bakken Expansion Key Numbers/Map, Bakken Pipeline Project US, SORTI-Dunn and BLLP Handouts, Bakken Expansion Program Handout, Social Responsibility Report, EPND Parent Annual Report, Public Awareness Brochure, and Ms. Myhre's Business Card.

also been working diligently with Mr. Enander and Mr. David Hynek in their respective capacities as public officials to resolve their concerns regarding the widening of 61<sup>st</sup> Street NW. The current status of each of these discussions is described below.

### **Enanders**

The Enanders' concerns are resolved and they granted EPND an Option for Right-of-Way and Easement (hereinafter "Option") on terms mutually acceptable to the parties. The Option permits EPND to construct BLLP as proposed at the Public Hearing.

### **Farmers' Union Oil Co. (Cenex)**

Cenex's concerns are resolved and Cenex granted EPND an Option for Right-of-Way and Easement (hereinafter "Option") on terms mutually acceptable to the parties. The Option permits EPND to construct BLLP as proposed at the Public Hearing.

### **Mountrail County and Idaho Township**

As discussed at the Public Hearing, Mountrail County and Idaho Township intend to widen 61<sup>st</sup> Street NW as a joint effort in Summer 2011. Furthermore, the City of Stanley water and sewer services will be extended along 61<sup>st</sup> Street NW. It is the understanding of all parties involved that this work will be completed by July 2011. EPND is cooperating with the City of Stanley's engineering personnel to coordinate installation of BLLP in consideration of the extended water and sewer lines. In discussions with Mr. Enander and Mr. David Hynek, EPND has confirmed that it will cooperate with Mountrail County, Idaho Township and the City of Stanley to ensure that the road widening and water and sewer line extensions are completed without disruption by EPND's activities. As part of those efforts, EPND may consider installing heavier wall pipe in this section of the BLLP route, installing the pipe deeper near the City of Stanley water and sewer lines, installing the pipe by a trenchless method to minimize disruption to those facilities, or other considerations as deemed appropriate to achieve the successful installation of all parties' facilities with a minimum impact on the local development. Lastly, EPND will continue to communicate with Mountrail County, Idaho Township and the City of Stanley through the completion of their respective projects, as well as BLLP. EPND will attend Idaho Township's Road Commission meeting on March 29, 2011 as part of those ongoing efforts.

### **Meeting of March 16, 2011**

On Wednesday, March 16, 2011, Enbridge representatives (Doug Aller, Manager of Lands & ROW (US), David Hodek, BLLP Pipeline Engineer, Tim Byrnes, BLLP Survey CAD Coordinator, and Jack Riley, BLLP Supervisor of Lands & ROW) met with Idaho Township (Derald Hoover and Curt Hemstad), City of Stanley (Mike Hynek, Steve Ike and Ward Heidbreder), and Mountrail County (David Hynek and Don Longmuir) representatives. City/State's Attorney Wade Enget, and Dan Brosz and Zachary Gaaskjolen of Brosz Engineering also were in attendance in support of the local representatives. The meeting consisted of a roundtable discussion moderated by State's Attorney Enget.

All parties understood from the outset that the local governing bodies, in combination or individually, intend to widen and pave 61<sup>st</sup> Street NW, a Township road, and install water and sewer lines, to some extent, commencing at the intersection of 61<sup>st</sup> Street NW and County Road 8 heading

west. The Township, City and County (“local governing bodies”) voiced their general concerns about Enbridge’s proposed route and how it *may* affect their intentions. However, it was clear from the discussion that the local governing bodies’ intentions are in many respects still in the formative stage and far from finalized. Nevertheless, when those intentions become final authorized and funded community development projects, Enbridge and the local governing bodies will be able to coordinate and complete installation of water and sewer lines and widen and pave 61<sup>st</sup> Street NW with the safe and successful co-location, installation and operation of BLLP regardless of when the facilities are installed.

More specifically, the local governing bodies expressed the following concerns regarding the co-location and operation of the facilities:

- Widening and paving 61<sup>st</sup> Street NW;
  - Maintaining pipeline integrity in areas of ingress and egress;
- Installing Water and Sewer lines;
  - Future installation of water and sewer lines to the west along 61<sup>st</sup> Street NW;
- Possible future development of the current-Stanley Airport property; and
- Location of the BLLP pipeline in relation to the future construction of the Mountrail County Community Buildings;

Currently, the local governing bodies are only prepared to develop facilities within the first ½ mile of 61<sup>st</sup> Street NW heading west from County Road 8. Sewer and water lines will be installed in this stretch in order to accommodate this year’s Mountrail County Fair. The local governing bodies pointed out that the sewer and water lines will be installed at an approximate depth of 7½ feet. Unfortunately, there is no certainty that additional lines will be installed in the future.

What is even more indefinite is whether 61<sup>st</sup> Street NW will be widened in time for the Mountrail County Fair as the Township and County continued to debate their options at the meeting. Currently, the local governing bodies envision widening and paving 61<sup>st</sup> Street NW resulting in a seventy-five (75’) foot road right-of-way on both sides of center. However, even during the course of the meeting, City of Stanley representatives were promoting the installation of an additional frontage road to serve that area<sup>5</sup>. Additionally, uncertainty as to funding for the combined Township and County road upgrade complicated the discussions further, resulting in a currently uncertain schedule for widening the road and a currently uncertain length of the road actually being paved. Finally, points of ingress and egress off of 61<sup>st</sup> Street NW have yet to be determined.

On the other hand, the development of EPND’s BLLP pipeline is not in question. EPND has provided payment for and received valid easements from landowners along its proposed BLLP route, including those landowners along 61<sup>st</sup> Street NW, of which the City of Stanley is one. A majority of EPND’s proposed BLLP route is co-located with other utilities based on the clear preference of regulatory agencies, including the Federal Energy Regulatory Commission and the North Dakota Public Service Commission, with an eye towards safety, minimizing impacts on future property development, and natural and agricultural resource management. Furthermore, EPND’s careful and considerate route selection results in minimal impact to humans and the environment. Finally, whatever the local governing bodies’ plans may lack in certainty, EPND can make up for with

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<sup>5</sup> This action would result in additional property losses for individual landowners.

continued communication with the local governing bodies, thoughtful construction practices and offering to reduce any incremental financial burden on the local governing bodies not yet ready to develop that may result from installation of BLLP in the proposed route. EPND's proposal for this potential future circumstance is outlined below.

First, and without reducing the urgency and necessity to receive regulatory approval by June 1, 2011 for BLLP in whole, EPND may consider delaying construction of the western portion (consisting of EPND's Stanley Station west to its Beaver Lodge Station) of BLLP until 2012 in order to coordinate its construction with the local governing bodies' community development to the extent possible. This coordination, contingent on the progress of the local governing bodies' development plans, may improve construction conditions by minimizing congestion and reduce potential safety issues normally caused by simultaneous construction projects.

Second, EPND can install the BLLP pipeline without impeding or affecting the widening and paving of 61<sup>st</sup> Street NW. EPND's goal from the beginning is to work with local landowners and the local governing bodies to locate the BLLP pipeline in the setback area of each property along 61<sup>st</sup> Street NW. As is more fully described below, EPND has chosen the proposed BLLP route for specific and thoroughly evaluated reasons, those chiefly being minimization of impacts to humans and the environment. In following that principle, EPND voluntarily seeks out necessary stakeholders to coordinate its construction alongside other developers, utilities, and landowners, including road and utilities development. That EPND may cross another utility in development of its projects is not an uncommon occurrence – in fact, it is routine. The normal setback for most community requires that no permanent structures be built in the first forty-five (45') feet from the road right-of-way. This area is routinely a reserved location for utilities of all sorts (pipelines, electrical, cable, etc.). EPND will build BLLP within that setback area. This route logically affords the safe and considerate development of a utility corridor appropriately located between industrial lands and 61<sup>st</sup> Street NW, a proposed truck route. According to the local governing bodies, local utilities, including the existing water main, existing buried power line and all other planned east-west running utilities will be inside the one hundred and fifty (150') feet wide road right-of-way. Enbridge routinely operates and maintains multiple pipelines in such corridors throughout its pipeline system.

Third, with respect to the local governing bodies' concern regarding pipeline integrity at points of ingress and egress, EPND has a number of alternatives that it will consider during construction:

- designing that portion of the pipeline installed within the established road right-of-way with an increased wall thickness based upon specific stress calculations;
- placing additional fill or cover over the pipeline through a deeper installation trench at the crossing so to minimize stress over the pipeline; or
- placing additional fill or depth of cover over the pipeline by conducting the crossing as via a trenchless crossing method.

These mitigative measures are best planned during the design portion of a project. EPND can calculate the allowable combined stress after the road commission or landowner identifies points of ingress and egress and the frequency and loading of anticipated vehicle traffic.

Fourth, EPND can install the BLLP pipeline without impeding or affecting the installation of water and sewer lines. Again, EPND has chosen the proposed BLLP route for specific and

thoroughly evaluated reasons, those chiefly being minimization of impacts to humans and the environment. Typically, the crossing utility (here, EPND) will install its utility underneath the utility to be crossed. Based on federal Department of Transportation regulations, twelve (12") inches of separation must be maintained at the crossing. Given the proposed 7½ depth of installation for the sewer and water lines, the BLLP pipeline will most likely be installed via a trenchless method. Trenchless installation will have the added benefit of requiring an increased wall thickness and a separation at the crossings of greater than twelve (12") inches. In addition, the trenchless installation will cure any reasonable concern the local governing bodies may have regarding points of ingress and egress in relation to the BLLP pipeline, while also providing additional insulation of the BLLP pipeline from future utility excavation and maintenance activities commenced by the local governing bodies.

As a part of these efforts, EPND would prefer to work with the local governing bodies in gathering spatial data ("as-builts") of utilities as they are installed. With reasonable notice, EPND may be able to provide its civil survey personnel during installation of sewer and water lines. The alternative would be to cooperate in information sharing with the local governing bodies and receive their data in order to design a crossing profile for each crossing location along 61<sup>st</sup> Street NW, further mitigating potential safety issues during EPND's construction.

Finally, there is substantial continuing uncertainty associated with the local governing bodies' plans. The coordination of the BLLP pipeline construction with sewer and water line construction may not be possible if those plans remain uncertain and EPND is unable to adjust its own construction practices to take into consideration future local sewer and water development. Should this occur, EPND will commit to reimbursing the local governing bodies' for incremental costs incurred during installation of future sewer and water lines that are directly caused by the presence of the BLLP pipeline.

Separately, the local governing bodies' expressed a desire to *not* have EPND install the BLLP pipeline in its existing pipeline easement in order to preserve what they see as an opportunity to develop the current Stanley Airport property. EPND concurs with that thinking, however the local governing bodies have failed to provide a more suitable route alternative than the BLLP pipeline route proposed by EPND. As such, this leaves EPND with two options: the proposed BLLP route or its original pipeline corridor through the City of Stanley, including the Stanley Airport. The additional benefit gained by the local governing bodies in being able to develop the Stanley Airport property without concern for a second pipeline on the property should not be forgotten when considering the reasonableness of EPND's proposed BLLP route.

Mountrail County's concern regarding the location of the County's Community Buildings in relation to the proposed BLLP pipeline is misdirected and fails to consider the facts of the situation. First, Mountrail County is building the Community Buildings on the City of Stanley property on the southwest corner of the intersection of 61<sup>st</sup> Street NW and County Road 8. This parcel is being developed by Mountrail County despite the fact that it is already encumbered by a functioning Hess pipeline that will be closer to the Community Buildings than the proposed BLLP pipeline. The BLLP pipeline is not even on this parcel, much less the same side of 61<sup>st</sup> Street NW. The BLLP pipeline will be located to the north of 61<sup>st</sup> Street NW and will have no direct impact on the Mountrail County Community Building parcel.

From a larger community perspective, one must consider the implications of what the local governing bodies suggest EPND should do in this instance. That is, the local governing bodies want EPND to abandon its carefully considered route that strictly adheres to the goals and directives of the ND-PSC by minimizing impact to humans and the environment, and, instead, create a third utility corridor<sup>6</sup> further to the south<sup>7</sup> that *may* ultimately return to EPND's Stanley Station. In so doing, the local governing bodies will require EPND to needlessly cross miles of previously undisturbed private agricultural lands and needlessly cross wetland bodies in at least two additional areas. In support of this alternative during the meeting, the Township, City and County stated that an alleged Hess pipeline had decided to route south of the City of Stanley following similar discussions. However, Enbridge has no knowledge of such a proposed pipeline and a thorough search of the County Recorder's Office reveals no documentation of any lands having been acquired by or on behalf of Hess for the alleged southern corridor, much less any documentation of a pipeline ever having been installed in that location.

Even excluding consideration of additional construction practices and financial assurances made by EPND that would all but ensure the local governing bodies' opportunity to develop their community as they see fit, the proposed BLLP route remains the most appropriate route for all stakeholders. When factoring in the additional construction practices and financial assurances extended by EPND, there is no reason to consider an alternative route.

### **PROCESS FOR ROUTE SELECTION**

EPND considers many factors when choosing a new pipeline route. These factors include co-locating new pipeline construction with existing facilities, minimizing human and environmental impact, and ensuring the safe construction, operation and maintenance of the pipeline and associated facilities. This practice is consistent with current National Environmental Protection Act (NEPA) and ND-PSC guidelines that promote the siting of new facilities adjacent to existing facilities within utility infrastructure corridors, as well as the policies of federal agencies such as the Federal Energy Regulatory Commission that encourage, and sometimes require, pipeline operators to use existing rights-of-way wherever possible. Application of this practice minimizes the 'footprint' of the new pipeline by using land that has been disturbed by prior infrastructure projects, resulting in minimal additional impact to undisturbed areas. Additionally, the overall safety and integrity of the facility and that of the general public is improved by placing new infrastructure within defined corridors (pipeline, electric power line, road ways, etc.), which are already the subject of heightened public awareness.

For BLLP, the preference for route selection was to co-locate with the existing EPND pipeline wherever practicable. This prioritization satisfied EPND's primary goals for route selection:

1. Mitigate potential safety concerns;

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<sup>6</sup> The first utility corridor being EPND's existing pipeline route through the City of Stanley. The second utility corridor being EPND's proposed BLLP route that will lie within the utility corridor that the local governing bodies themselves will create by upgrade of 61<sup>st</sup> Street NW, the installation of sewer and water utilities, and the future installation of additional utilities.

<sup>7</sup> The local governing bodies have yet to identify a route that improves upon the EPND proposed BLLP route – simply stating that EPND should re-route to the south regardless of whether that's through the Little Knife River Reservoir or simply indiscriminately to the south resulting in additional impacts of uncertain magnitude to agricultural lands, private landowners, and the environment.

2. Mitigate environmental issues;
3. Ensure the constructability, maintenance and operation of the pipeline within or adjacent to an existing pipeline right-of-way; and
4. Reduce overall construction costs.

For any project, EPND attempts to minimize the number of route deviations to the greatest extent practicable. In deciding whether a deviation from co-located facilities is appropriate, EPND considers a number of factors, including but not limited to the following:

1. The presence of Environmentally Sensitive Areas
2. Poor water body crossing points;
3. Poor water body crossing alignments;
4. Road bore staging areas located within wetlands;
5. The need for impractical improvement of road crossing angles;
6. Congested utility corridors; and
7. Numerous facility encroachments.

Prior to and following the Public Hearing, EPND's BLLP Project Team assessed three routes in the vicinity of the City of Stanley based on the above sets of criteria. The results of those assessments appear below.

#### **EPND's Proposed Beaver Lodge Loop Project Route** (See Exhibit L)

EPND's Proposed Beaver Lodge Loop Project Route ("proposed route") through the City of Stanley is a deviation from EPND's existing pipeline right-of-way. EPND considered the qualifying factors identified above in selecting the proposed route through the City of Stanley. This route was chosen to minimize impacts to:

- Existing businesses;
- The Stanley Airport;
- The Little Knife River to the east of County Road 8 where an alternative route would be constrained by the river and the adjacent Hess pipeline(s); and
- Active development of a City parcel south of 61<sup>st</sup> Street NW and adjacent to County Road 8.

In order to balance all of these considerations, EPND determined the preferred location of the pipeline to be within the setback area<sup>8</sup> along the northern edge of 61<sup>st</sup> Street NW. This proposed route balances the impacts to the natural environment and human environment. The proposed route is shorter in length (approximately 4.14 miles in total), has minimal wetland impacts, disturbs less agricultural land, does not impact the Little Knife River Reservoir, and is less expensive than the Little Knife River Reservoir Crossing route proposed at the public hearing. This balanced approach to route selection promotes the safety and well-being of the general public and the environment by minimizing their exposure to the pipeline.

Finally, in working with the City of Stanley EPND is aware of certain planned utility expansions related to the industrial park. (See attached Exhibits M - O) It is important to note that this type of

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<sup>8</sup> Local zoning requires that all permanent above ground structures be set back from the road at least forty-five (45) feet.

complementary development is not uncommon; Enbridge has successfully coordinated construction with municipal entities and utilities numerous times in the past. As an example, Enbridge recently completed construction of the 36-inch Alberta Clipper and 20-inch Southern Lights Pipelines Projects through the city of Cass Lake, Minnesota in 2009. Due to the location of Cass Lake's existing utilities, installation of the pipelines required the milling of the existing paved road, relocation of the existing storm sewer collection system, and modifying the existing waterlines to accommodate Enbridge's pipelines. All of Cass Lake's utilities remained in service during pipeline installation. The level of coordination and accommodation required to accommodate the possible future development in the City of Stanley is not new to Enbridge, rather the situation is highly manageable and consistent with coordination efforts that are frequently encountered during routine pipeline work.

As discussed above, in handling local development, EPND may consider additional measures to mitigate concerns related to the crossing of city water and sewer lines by EPND's pipeline. The implementation of these measures, such as increasing the installation depth of the pipeline, using a heavier wall pipe, or using a trenchless installation method underneath the city utilities, will follow consultation between Enbridge and the local governing bodies.

#### **Little Knife River Reservoir Crossing Route** (Alternate Route No. 1 - See Exhibit L)

Based on comments received at the Public Hearing, EPND examined an alternate route further to the south of the City of Stanley that includes crossing the Little Knife River. Enbridge has concluded from this examination that the Little Knife River Reservoir Crossing Route poses the most impacts to the natural environment and is not a preferred route. This conclusion is based on the following:

The Little Knife River Reservoir Crossing Route encounters several significant obstacles and results in negative public and environmental impacts. First, this route creates a new greenfield pipeline corridor impacting more landowners than the currently proposed route. In addition, this route impacts additional agricultural acreage. The Little Knife River Reservoir Crossing Route also deviates from both the existing EPND and Hess pipelines to a route where there are no other utilities with which to co-locate and minimize the impacts of such a corridor. The proposed alternative route creates a new pipeline corridor where one has never previously existed.

Second, this route requires EPND to cross the Little Knife River two times in addition to the two times EPND already proposes to cross the Little Knife River. As shown in the attached Exhibit L, crossing locations for this alternative route were chosen to minimize the distance crossing the river. An additional obstacle of this route is that EPND cannot assume that horizontal directional drilling will be an available construction practice without significant additional testing and assessment. Should subsurface conditions not be favorable for drilling, use of an open cut method would increase the wetland impacts significantly along this route.

Third, the Little Knife River Reservoir Crossing Route requires the installation of at least two additional mainline isolation valves to comply with federal regulations for these mandatory safety features. The installation of these above-grade valves will also require associated access roads, fenced valve pads, control buildings, power service lines, and other materials and equipment for construction and installation of power infrastructure, all contributing additional impacts to the properties and environment adjacent to the reservoir and increasing the future operation and

maintenance requirements of the pipeline. As evidenced by the attached Exhibit L, there are no practical access points to possible locations of the mainline isolation valves associated with the Little Knife River Reservoir Crossing Route.

The Little Knife River Reservoir Crossing Route is approximately 5.12 miles in length, nearly one mile longer than EPND's proposed route. It carries an estimated cost of construction of approximately \$1,000,000 in excess of the proposed route. This estimate does not include additional sums necessary for additional right-of-way acquisition, environmental assessment and permitting, or acquisition of land for the installation and maintenance of access roads and power facilities for the mainline isolation valves. These additional costs will certainly drive the final cost of construction even higher as compared to the cost of the proposed route. EPND's conclusion based on initial assessment is that on balance the Little Knife River Reservoir Crossing route results in increased environmental and human impacts that would otherwise not occur with construction of EPND's proposed route.

**EPND's Existing Stanley Pipeline Corridor** (Alternate Route No. 2 - See Exhibit L)

EPND examined the possibility of constructing BLLP adjacent to its existing pipeline through the City of Stanley. EPND concluded that it will also encounter several significant obstacles by constructing BLLP in the existing Stanley pipeline corridor and therefore this is also not a preferred route.

First, the existing pipeline enters the Stanley Airport property and runs along the western end of the runway. Construction of BLLP through this area will interrupt airport operations. Second, several buildings just east of the Stanley Airport are located within 10 feet of the existing pipeline. Without demolition of several of these buildings, it is not practical to construct BLLP through this area. Third, this route will impact commercial businesses and the industrial park area much more significantly than the proposed route by traversing the busier, northern part of the industrial park rather than being adjacent to the south boundary and within the roadway setback where commercial activity is not permitted.

While EPND's existing Stanley pipeline corridor is the shortest of the three routes (approximately 3.71 miles), this route will significantly impact and interfere with access to and the operation of various businesses during construction and future maintenance and operation of two co-located pipelines. Additionally, construction within EPND's existing Stanley pipeline corridor will undoubtedly impact future development of the industrial park's current occupants as well as the development of the adjacent lands. As a result, EPND concluded that the existing Stanley pipeline corridor route was not a viable route due to the impacts resulting from installation of a second pipeline within the existing pipeline right-of-way.

**The Proposed BLLP Route Ensures Continuing System Reliability and Integrity While Fulfilling Energy Needs and Minimizing Adverse Environmental and Human Impacts**

Without question, the proposed route satisfies the three questions posed by the ND-PSC December 8, 2010 Notice of Filings and Notice of Hearings. In presenting this application for a Corridor Certificate and Route Permit, EPND is keenly aware of the obligation it has to provide reliable and efficient energy transportation facilities to meet the demands of shippers and the State of North Dakota, while being mindful of the need to provide those services in a manner that minimizes any adverse impact to the environment and the citizens of North Dakota. To that end, the ND-PSC and EPND have a common goal in balancing those considerations. Based on the information provided at the Public Hearing and as supplemented by this Late Filed Exhibit, EPND has painstakingly evaluated the alternatives, mindful of all interested parties' considerations, and believes that the proposed route remains the only viable route for minimizing adverse impacts to the environment and humans while continuing to provide a reliable and safe mode of transportation for North Dakota Sweet Crude.

**CONCLUSION**

EPND's proposed BLLP route is the optimal route for this necessary expansion of EPND's pipeline capacity. The proposed BLLP route minimizes impacts to the environment and the citizens of North Dakota. Accordingly, EPND respectfully requests that the North Dakota Public Service Commission consider the record closed in the matter of Docket No. PU-10-613 and take the administrative actions necessary to approve EPND's Applications for Corridor Certificate and Route Permit for the Beaver Lodge Loop Project.

Sincerely,



Mark S. Sitek  
Senior Project Director  
Major Projects – Bakken

Attachments

cc: Mitchell Armstrong  
Patrick J. Fahn