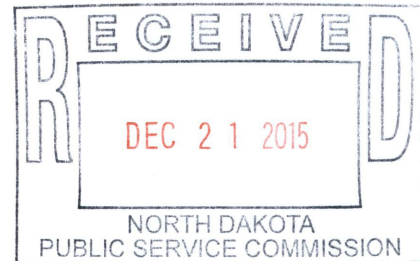


December 21, 2015

VIA E-MAIL AND FEDERAL EXPRESS

Mr. Patrick Fahn
Director, Compliance and Competitive Markets Division
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480



**RE: NST Express, LLC's Consolidated Application for a Certificate of Corridor Compatibility and Route Permit, and Waiver Application
Case No. PU-15-232**

Dear Mr. Fahn:

I received your letter dated December 8, 2015 requesting additional information regarding NST Express, LLC's ("NST Express") pipe design specification modification in connection with the NST Express Pipeline Project ("Project"). In accordance with the request, additional information regarding the modification is provided below.

However, as an initial matter, it is important to clarify that NST Express's November 16, 2015 letter to the North Dakota Public Service Commission ("Commission") was not a request to amend NST Express's Consolidated Application. Rather, the letter provided the written notice of a modification to the facility required by Provision No. 28 of the Certification Relating to Order Provisions – Transmission Facility Siting, which is part of the Findings of Fact, Conclusions of Law and Order ("Order") granting Certificate of Corridor Compatibility No. 173 and Route Permit No. 185 to NST Express for the Project.

Further, the pipe design modification does not require approval or other action by the Commission:

- First, although past Certifications required Commission approval of facility modifications, the version of the Certification executed by NST Express at the request of the Commission, and incorporated into the Order, specifically omitted such a requirement. *See* Certification Provision No. 28.

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Response to Dec. 8, 2015 request for additional information

- Second, the Order does not specify the pipe wall thickness. Instead, the Order states that the Project will be designed, constructed and operated in accordance with the United States Department of Transportation (“USDOT”) regulations, including those set forth in 49 C.F.R. Part 195. *See* Finding of Fact No. 36; *see also* Certification Provision No. 2 (requiring compliance with the rules and regulations of all other agencies with jurisdiction). As explained in NST Express’s November 16, 2015 letter, utilizing a nominal wall thickness of 0.250 inch, with 0.375 inch at waterbody, road and railroad crossings (and 0.500 inch at the Yellowstone River crossing), still far exceeds the USDOT’s pipeline design standards set forth in 49 C.F.R. Subpart 195.106. Moreover, utilizing 0.375 inch at crossings exceeds the crossing requirements of the applicable crossing authorities, including the road authorities and Burlington Northern Santa Fe Railroad.
- Third, neither the Siting Act, nor the Commission’s siting rules, require a specific pipe design or pipe wall thickness (which is appropriate, given pipe design standards are subject to federal regulation). As such, the pipe design, as modified, complies with the Order and all applicable regulations.

Knowing that Commission approval is not required for the modification, for the reasons noted above, NST Express purchased pipe for the Project with the modified design specifications outlined in its November 16, 2015 letter.

Although further Commission action is not required, NST Express wants to ensure that the Commission’s questions regarding the modification are fully addressed. Therefore, in response to the questions in your December 8, 2015 letter, NST Express provides the following additional information:

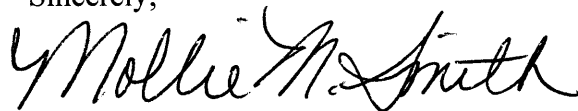
- NST Express was prompted to modify the pipe design specifications after the public hearing and the Commission’s issuance of the Order over concern that during the Federal Energy Regulatory Commission’s (“FERC”) review of the Project’s proposed rate structure, the FERC would object to the added cost. Much like the Commission in a regulated utility rate case, the FERC has a responsibility to ratepayers to ensure the overall Project cost is reasonable when authorizing a proposed rate structure. Therefore, NST Express needed to demonstrate to the FERC that the Project will comply with applicable federal standards, while minimizing Project cost. In analyzing ways to reduce Project costs, NST Express determined that it could reduce costs by over \$1 million dollars by modifying the pipe specifications, while still exceeding the USDOT’s pipe design standards. Ultimately, the rate structure approved by the FERC on October 29, 2015 was based on a total Project cost that included the cost of the pipe as modified.

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- With respect to compliance with 49 C.F.R. Part 195, as previously noted, the modified nominal wall thickness (0.250 inch generally, with 0.375 inch at waterbody, road and railroad crossings and 0.500 inch at the Yellowstone River crossing) still far exceeds the 0.213 inch nominal wall thickness required under Subpart 195.106. The modified pipe grade of X60 has a greater yield and tensile strength than the originally proposed X52 grade pipe, and the steel used has the same level of corrosion resistance. In addition, because the corrosion protection and prevention measures are a function of the diameter of the pipe, the same measures will be utilized as were previously specified, including a fusion bonded epoxy ("FBE") coating along the entire pipe (same thickness), with an additional abrasion resistant overlay ("ARO") coating at horizontal directional drill ("HDD") and bore locations (same thickness), as well as cathodic protection along the entire pipeline.

We hope the additional information provided addresses the Commission's questions. As noted above, the pipe design specification modification is very important to the Project, and NST Express has implemented the modification in reliance upon the fact that further Commission action is not required. Therefore, if there is a need to discuss this matter further, please contact me as soon as possible.

Sincerely,



MOLLIE M. SMITH

MMS/ms/57597038

Enclosure (*additional copy of letter*)

cc: Zachary Pelham (*via E-mail*)
Chip Lang (*via E-mail*)
Erik Ludtke (*via E-mail*)