

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Andeavor Field Services LLC
8" & 6" NGL Pipelines – McKenzie, Billings, Stark
Siting Application

Case No. PU-18-072

[PROPOSED] FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

May ____, 2018

Appearances

Commissioners Randy Christmann, Julie Fedorchak, and Brian Kroshus.

Lawrence Bender and Danielle M. Krause, Attorneys at Law, Fredrikson & Byron, P.A., 1133 College Drive, Suite 1000, Bismarck, North Dakota 58501, on behalf of Andeavor Field Services LLC.

Zachary E. Pelham, Special Assistant Attorney General, Legal Counsel for Public Service Commission, 314 E. Thayer Avenue, Bismarck, North Dakota 58502.

Timothy Dawson, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street, Suite 303, Bismarck, North Dakota 58503.

Preliminary Statement

On February 5, 2018, Andeavor Field Services LLC (“Andeavor”), filed with the North Dakota Public Service Commission (“Commission”) a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Application”) for a natural gas liquids pipeline, approximately 17-miles long, in McKenzie County; for a natural gas liquids pipeline, approximately 22-miles long, in Billings and Stark Counties, and for four pipelines to transport natural gas liquids and related products, each approximately 5 miles long, in Stark and Billings Counties, North Dakota (the “Project”).

Also on February 5, 2018, Andeavor filed an application for waivers of procedures and time schedules established under North Dakota Century Code chapter 49-22.1, and North Dakota Administrative Code section 69-06-01-02 and chapter 69-06-06, regarding separate notices and separate hearings on such applications.

On March 13, 2018, the Commission provided notification of the Application to the townships with retained zoning authority, cities, and counties in which any part of the proposed pipeline corridor is located.

On March 20, 2018, Andeavor filed supplemental information with respect to the consolidated Application.

On March 29, 2018, the Commission deemed Andeavor's Application complete and issued a Notice of Filings and Public Hearing ("Notice") scheduling a hearing for May 14, 2018, at 10:00 a.m. Central Time at the Grassy Butte Community Hall, Grassy Butte, North Dakota 58634.

The Notice identified the following issues to be considered with respect to the application for waiver of procedures and time schedules:

1. Are the proposed facilities of such length, design, location, or purpose that they will produce minimal adverse effects and that adherence to applicable procedures and time schedules may be waived?
2. Is it appropriate for the Commission to waive any procedures and time schedules as requested in the application?

The Notice identified the following issues to be considered with respect to the Application:

1. Will the location and operation of the proposed facility produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Is the proposed facility compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility location minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

On May 14, 2018, the hearing was held as scheduled.

On May 18, 2018, Andeavor filed Late Filed Exhibits 1, 2, and 3.

Having allowed all interested persons an opportunity to be heard, and having heard, reviewed and considered all testimony and evidence presented, the Commission makes the following findings of fact:

Findings of Fact

1. Andeavor is a Delaware limited liability company authorized to do business in the State of North Dakota, as evidenced by the corporate papers filed with the Commission on February 5, 2018 in Case No. PU-18-073.

Size, Type, and Preferred Location of Facility

2. The Project is comprised of four different segments. The North Segment consists of 17 miles of 8-inch pipeline located in McKenzie County, North Dakota. The South Segment is 22

miles of 8-inch pipeline in Billings and Stark Counties. The Product Transfer Segment consists of approximately 5 miles of four separate 6-inch pipelines originating in Stark County and terminating in Billings County. The North Segment and the South Segment will interconnect by utilization of 42 miles of existing pipeline previously permitted and constructed by BakkenLink Pipeline LLC.

3. The Project will transport mixed NGLs, or Y-Grade Product, from the Oasis Wild Basin natural gas plant in McKenzie County to a fractionation facility in Stark County. The mixed NGLs will be separated into discrete components and transported to the Fryburg Rail Terminal located in Billings County.

4. The proposed pipe for the North and South Segments will be 8-inch diameter steel pipe with wall thickness of 0.25-inches for line pipe and 0.500-inches for bore pipe.

5. The maximum operating pressure of the North and South Segments will be 1,480 pounds per square inch. The maximum flow rate of the North and South Segments will be 34,000 barrels per day.

6. The proposed pipe for the Transfer Line Segment will be 6-inch diameter steel pipe with 0.25-inch wall thickness for line pipe and 0.500-inch bore pipe wall thickness

7. The maximum operating pressure of the four pipes making up the Transfer Line Segment will be 1,480 pounds per square inch. The maximum flow rate of the Transfer Line Segment pipelines will each be 43,000 barrels per day.

8. Above-ground facilities for the Project will be limited to existing valves and appurtenances.

9. Selection of the route for the Project was based on a multifaceted approach which will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota. The route is also compatible with environmental preservation and the efficient use of resources. Andeavor further worked with landowners to ensure that the Project is placed in the preferred location of each landowner so as to minimize impacts to the environment and current land uses. Andeavor reviewed the Exclusion and Avoidance Areas of the Commission and routed the Project to avoid impacts to Exclusion and Avoidance Areas.

10. The design, construction, and operation of the pipeline will be in accordance with the United States Department of Transportation ("USDOT") regulations, including USDOT regulations as set forth in 49 Code of Federal Regulations Part 195.

11. The estimated cost of the Project is \$46 million.

Study of Preferred Location

12. Andeavor evaluated a one-mile-wide study corridor centered on the route ("Study Area") for exclusion and avoidance areas, including federal and state parks, protected and sensitive

plants and animals, wildlife, and civil and social structures such as recreational areas, rural homes, and farmsteads.

13. Field surveys were conducted on a typically 200-foot-wide area centered on the route ("Survey Area") to inventory any potential resource issues such as wetlands, water bodies, protected species, critical habitats, and/or cultural resources, as depicted in Exhibit 1, Appendix A. Additionally, environmental data collected included information on soils, land use, wetlands and waterbody crossings, noxious weeds, and protected species and habitats.

14. Andeavor conducted a Class I cultural resource literature search on the Study Area and a Class III cultural resources field inventory on the Survey Area.

15. The following agencies provided comments regarding the Project: the North Dakota Aeronautics Commission; North Dakota Department of Trust Lands; North Dakota Department of Transportation; North Dakota Game and Fish Department; Job Service of North Dakota; North Dakota Department of Health; North Dakota State Water Commission; U.S. Fish and Wildlife Service; North Dakota Geological Survey; Billings County Tax and Zoning; and the North Dakota State Historic Preservation Office ("SHPO").

Siting Criteria

16. The Commission has established criteria pursuant to North Dakota Century Code Section 49-22.1-03 to guide the site, corridor, and route suitability evaluation and designation process. The criteria, as set forth in North Dakota Administrative Code Section 69-06-08-02, are classified as Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria.

17. Andeavor evaluated the Project for the Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria of the Commission.

18. An Exclusion Area may not encompass more than fifty percent of a corridor width unless there is no reasonable alternative. An Exclusion Area must be excluded in the consideration of a route for a transmission facility. A buffer zone of a reasonable width to protect the integrity of an Exclusion Area must be included in the siting of the transmission facility.

19. No Exclusion Areas are present within the Survey Area.

20. An Avoidance Area is a geographic area that may not be considered in the routing of a transmission facility unless the applicant shows that, under the circumstances, there is no reasonable alternative. In determining whether an Avoidance Area should be designated for a transmission facility, the Commission may consider, among other things, the proposed management of adverse impacts, the orderly siting of facilities, system reliability and integrity, the efficient use of resources, and alternative routes.

21. No Avoidance Areas are present within the Survey Area.

22. Wetland surveys were completed for the proposed route. Wetlands and waterbodies are present within the Survey Area and will be crossed by the route. Andeavor will take steps to protect wetlands and waterbodies, and no permanent impacts to wetlands or waterbodies are anticipated.

23. In accordance with the Commission's Selection Criteria set forth in North Dakota Administrative Code section 69-06-08-02(3), a transmission facility route shall be approved if it is demonstrated that any significant adverse effects that will result from the location, construction, and maintenance of the transmission facility will be at an acceptable minimum or managed and maintained at an acceptable minimum. Andeavor has analyzed the impacts of the Project in relation to all of the relevant Selection Criteria. The Project will have no significant adverse effects on the Commission's Selection Criteria.

24. In accordance with the Commission's Policy Criteria set forth in North Dakota Administrative Code section 69-06-08-02(4), preference may be given to an applicant demonstrating certain benefits of the transmission facility. Andeavor has analyzed the relevant policy criteria and has committed to: designing, constructing, and operating the pipelines in accordance with all applicable federal, state, and local laws and regulations; energy conservation through the facility's location, process, and design; training and utilizing available labor in the state; constructing the Project to take advantage of economies of scale; achieving capacity in the most minimally intrusive and most efficient way possible; and coordinating with state and local officials. Andeavor submitted evidence to demonstrate its commitment to maximize the benefits of the proposed transmission facility to the extent possible so as to meet the Policy Criteria.

Measures to Minimize Impact

25. Andeavor has agreed to a number of steps to mitigate the impact of the Project, as indicated by the executed Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications, which is incorporated by reference and attached to this Order.

26. Andeavor testified that it will conduct regular pipeline monitoring, periodic inspection, internal inspections, and aerial patrol inspections as required by the Department of Transportation regulations.

27. Andeavor testified it will comply with the avoidance recommendations set forth in the Class I and Class III Cultural Resource Inventory for the Project. In a response dated January 22, 2018, SHPO confirmed the Project will have no effect on historic properties, provided the avoidance recommendations are followed.

28. Andeavor testified that it will participate in the North Dakota One-Call notification system.

29. Andeavor testified that it will comply with all applicable safety laws and standards.

30. The Project's permanent right-of-way will typically be 50 feet wide, while the temporary construction right-of-way will be 100 feet wide.

From the foregoing Findings of Fact, the Commission makes the following conclusions of law:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Andeavor Field Services LLC, and the subject matter of the Application under Chapter 49-22.1 of the North Dakota Century Code.
2. Andeavor is a utility as defined in Section 49-22.1-01(12) of the North Dakota Century Code.
3. The Project is a gas or liquid transmission facility as defined in North Dakota Century Code Section 49-22.1-01(7).
4. The location, construction, and operation of the Project will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The location, construction, and operation of the Project are compatible with environmental preservation and the efficient use of resources.
6. The Project will minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.
7. It is appropriate for the Commission to waive those certain procedures and time schedules as requested in the application for waiver of procedures and time schedules and pursuant to North Dakota Century Code Section 49-22.1-05 and North Dakota Administrative Code Chapter 69-06-06.

From the foregoing Findings of Fact and Conclusions of Law, the Commission makes the following order:

Order

1. Andeavor's application for a waiver of procedures and time schedules is granted.
2. Certificate of Corridor Compatibility No. ___ is issued to Andeavor Field Services LLC designating a corridor for the construction, operation, and maintenance of approximately 44 miles of new 6-inch and 8-inch steel pipelines in McKenzie, Billings, and Stark Counties, North Dakota. The Corridor will consist of a typical 200-foot-wide corridor centered on the pipeline route as surveyed, and will also include the additional areas surveyed for the Project.

3. Route Permit No. ___ is issued to Andeavor Field Services LLC designating a route for the construction, operation, and maintenance of: 17 miles of 8-inch NGL pipeline in McKenzie County, North Dakota; 22 miles of 8-inch NGL pipeline in Billings and Stark, Counties, North Dakota; and 5 miles of four (4) separate 6-inch pipelines in Stark and Billings Counties, North Dakota which will transport Y-grade, propene, butane, and natural gas.

4. The Certification Relating to Order Provisions – Transmission Facility Siting (“Certification”), with accompanying Tree and Shrub Mitigation Specifications, executed May 8, 2018 is incorporated by reference and attached to this Order.

5. To the extent there are any conflicts or inconsistencies between Andeavor’s application and the Certification, the Certification provisions control.

PUBLIC SERVICE COMMISSION

Brian Kroshus
Commissioner

Randy Christmann
Chairman

Julie Fedorchak
Commissioner

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