

154 FERC ¶ 61,067
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Enbridge Energy, Limited Partnership

Docket No. OR16-9-000

ORDER ACCEPTING SETTLEMENT SUPPLEMENT

(Issued February 1, 2016)

1. On December 15, 2015, Enbridge Energy, Limited Partnership (Enbridge) filed a supplement to its Facilities Surcharge Settlement, previously approved by the Commission in *Enbridge Energy, Limited Partnership*.¹ Enbridge seeks to supplement the Facilities Surcharge Settlement to allow Enbridge to recover a negotiated amount for the costs of Project 25. Enbridge requests Commission action by February 1, 2016, so that it can incorporate Project 25 costs as part of its facilities surcharge rate filing to be filed on or about February 26, 2016.

Background

2. The Facilities Surcharge Order established a facilities surcharge, which allows Enbridge to recover the costs associated with particular shipper-requested projects through an incremental surcharge layered on top of existing base rates, as a component of Enbridge's FERC tariff rates.

3. Enbridge proposes to add Project 25 to the facilities surcharge to recover a negotiated monthly amount for interim tank service costs. Project 25 is intended to provide short-term operational usage of five tanks completed in advance of a pipeline expansion, of which they were intended to be a component.

4. Enbridge explains that Project 25 evolved out of a project previously approved by the Commission, in February 2015.² There, the Commission approved the recovery of costs associated with Project 24 through a supplement to the Facilities Surcharge Settlement. One component of Project 24 was the expansion of Line 61 from 560,000 barrels per day (bpd) to approximately 1,200,000 bpd. The expansion was intended to be

¹ 107 FERC ¶ 61,336 (2004) (Facilities Surcharge Order).

² *Enbridge Energy, Limited Partnership*, 150 FERC ¶ 61,069 (2015).

carried out in two phases expected to be completed in 2015. The first phase would increase the Line 61 capacity to 800,000 bpd. The second phase would increase Line 61 to 1,200,000 bpd. The Line 61 expansion also included new tankage (two 333,000 barrels (bbl) working capacity tanks) at Flanagan, Illinois and at Superior, Wisconsin (four 333,000 bbl working capacity tanks). The tanks at Superior were later modified to three 500,000 bbl working capacity tanks. After the Commission's approval of the 2015 facilities surcharge, the timing of the Line 61 expansion was modified such that neither the second phase nor associated tanks would be required until after 2015. As such, Enbridge explained that it did not include the Line 61 expansion costs to 1,200,000 bpd or the costs of the associated tanks in the facilities surcharge rates that became effective April 1, 2015.

5. In July 2015, Enbridge and the Canadian Association of Petroleum Producers (CAPP) agreed the tanks would be used by the Lakehead system³ for operational pipeline service during the interim period (before Line 61 is complete), in exchange for a negotiated cost amount of \$1.5 million per month to be included in the facilities surcharge from August 15, 2015. The \$1.5 million per month constitutes the costs related to the Project 25 facilities surcharge. The agreement would remain in place the earlier of the expansion of Line 61 to 1,200,000 bpd or June 30, 2021. Enbridge explains that once Line 61's expansion is complete, the tanks will be used to support that expansion and the remaining cost of the tanks will be included in the facilities surcharge under Project 24, as originally intended and as approved by the Commission in the 2015.⁴ Thereafter, the Project 25 cost recovery mechanism will no longer apply.

6. Enbridge states that shippers will benefit from Project 25 by allowing the tanks to be in interim use for Lakehead service before the Line 61 expansion is complete, as the additional tankage will provide operational flexibility and improve the overall efficiency of the Lakehead system.

7. Enbridge maintains that the surcharge for Project 25 will be based upon the agreed-upon parameters set by Enbridge and CAPP through the Facilities Surcharge Settlement. The facilities surcharge will be trued-up annually to reflect actual throughput so that over time Enbridge neither over-collects nor under-collects the agreed-upon cost amount.

8. Enbridge proposes to make a tariff filing incorporating Project 25 as part of its facilities surcharge rates in February 2016, to be effective April, 1, 2016. Enbridge included a letter from CAPP, in which CAPP supports the settlement supplement to

³ The Lakehead system forms the U.S. portion of the Enbridge Mainline that transports crude oil and natural gas liquids from Western Canada to the upper Midwest portion of the U.S. and on to Eastern Canada and New York.

⁴ *Enbridge Energy, Limited Partnership*, 150 FERC ¶ 61,069 (2015).

recover Project 25 costs under the facilities surcharge, which will then be implemented in subsequent Enbridge tariff filings.

Public Notice, Interventions, Protests, and Comments

9. Notice of the petition was issued on December 24, 2015, providing for motions to intervene, comments and protests to be filed on or before January 7, 2016. Pursuant to Rule 214 of the Commission's regulations,⁵ all timely filed motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. The settlement supplement is unopposed.

Commission Analysis

10. The filing represents the collaborative efforts of Enbridge Energy and CAPP to identify projects appropriate for recovery using the Facilities Surcharge Methodology. Moreover, this settlement supplement supports the utilization of otherwise unused assets on an interim basis to benefit shippers on the Lakehead system. Finally, the annual true-up eliminates the risk of over-collection or under-collection from Enbridge.

11. Inasmuch as this settlement supplement is uncontested, and provides benefits to both shippers and the pipeline, the Commission approves the supplement to the Facilities Surcharge Settlement as it appears to be fair and reasonable and in the public interest. The Commission's approval of this supplement to the Facilities Surcharge Settlement does not constitute acceptance of, or precedent regarding, any principle or issue in this proceeding.

The Commission orders:

Enbridge's December 15, 2015 supplement to the Facilities Surcharge Settlement is approved, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁵ 18 C.F.R. § 385.214 (2015).