

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 30, 2004

In Reply Refer To:
Enbridge Energy, Limited Partnership
Docket No. OR04-2-000

Enbridge Energy, Limited Partnership
1330 Connecticut Avenue
Washington, DC 20036-1795

Attention: Steven Reed, Esq.
Counsel for Enbridge Energy, Limited Partnership

Reference: Acceptance of Offer of Settlement

Ladies and Gentlemen:

1. On May 20, 2004, Enbridge Energy, Limited Partnership (Enbridge Energy)¹ with the support of the Canadian Association of Petroleum Producers (CAPP),² filed an Offer of Settlement (Settlement). By this Settlement, Enbridge Energy seeks Commission approval of : (1) a facilities surcharge framework that it will implement separately from and incrementally to the existing surcharges in its tariff rates (Facilities Surcharge); (2) four settlement agreements³ negotiated between CAPP and Enbridge Pipelines on its own behalf and on behalf of Enbridge Energy; and, (3) a proposal to permit Enbridge Energy to submit for Commission review and approval, future agreements resulting from negotiations with CAPP where the parties have agreed that recovery of the costs through

¹ Enbridge Pipelines Inc. (Enbridge Pipelines) and Enbridge Energy (collectively, Enbridge) own and operate the Canadian and U.S. portions, respectively, of a single pipeline system extending from Canada through the midwest section of the United States into Eastern Canada and upstate New York (collectively, the Enbridge System).

² CAPP producer members account for more than 98 percent of Canada's oil and gas production. Approximately 97 percent of the crude petroleum transported by Enbridge originates in Canada.

³ Exhibits 2 through 5 attached to the Settlement.

the Facilities Surcharge is desirable and appropriate. This order accepts the subject Settlement, as it appears fair and reasonable and in the public interest.

2. The Settlement is uncontested and governs the recovery by Enbridge Energy⁴ of the costs of four shipper-requested projects for the expansion of the Enbridge System through the mechanism of the Facilities Surcharge, an incremental surcharge to the existing base rates and other currently effective surcharges.⁵ Specifically, the Facilities Surcharge is a cost-of-service based tariff mechanism that Enbridge Energy will reconcile annually each April 1 to actual costs and throughput.

3. The following four construction projects increase capacity and expand the range of crude types transportable on the Enbridge System and improve operational flexibility. Enbridge Energy includes the following projected amounts in the Facilities Surcharge as of July 1, 2004: (1) the approximately \$7.1 million Griffith Hartsdale Transfer Lines Project, which consists of two additional transfer lines and associated manifold connections between the Griffith and Hartsdale Terminals in Indiana to reduce contamination and facilitate more efficient use of operational tankage at the Hartsdale Terminal, as described in Exhibit 2; (2) the Hartsdale Tank Charge component, detailed in Exhibit 3, is necessary because tanks at the Hartsdale Terminal historically used for long-term storage will be used for operational storage without impairing operational efficiency; (3) the approximately \$4.2 million Superior Manifold Modification Project, will modify the manifold facilities to permit increased access for heavy petroleum to large storage tanks and enhance breakout capacity improving batch quality at Enbridge Energy's Superior, Wisconsin terminal, as outlined in Exhibit 4; and, (4) the approximately \$10 million Line 17 Expansion Project, which increases capacity by approximately 20,000 barrels per day, as detailed in Exhibit 5. Line 17 is used to transport crude oil to refinery connections near Toledo, Ohio. It originates at an interconnection with Enbridge Energy at Stockholm, Michigan and is owned by an affiliate, Enbridge Pipelines (Toledo) Inc.

4. The Settlement was filed in advance of the proposed tariff rate filing and not in response to any litigated proceeding. The Settlement attempts to avert a potential future rate dispute by reaching a negotiated agreement that establishes how Enbridge Energy will recover the costs of expansion projects. Notice of the Settlement was issued June 4, 2004. No protests or adverse comments were received. On June 15, 2004, Enbridge

⁴ On May 28, 2004, Enbridge Energy submitted a proposed tariff filing, Docket No. IS04-397-000, to become effective July 1, 2004, which includes proposed FERC Tariff No. 19, the Facilities Surcharge (Appendix B), and a corresponding cost-of-service schedule and calculation worksheets (Appendix C).

⁵ 85 FERC ¶ 61,397 (1998).

Energy submitted a request for expedited action on the Settlement to allow the proposed Facilities Surcharge to become effective July 1, 2004.

5. Inasmuch as the Settlement is uncontested and its approval would further the Commission's policy of favoring settlements as a means for parties to avoid litigation and thereby lessen the regulatory burdens of all concerned, the Commission approves the Settlement on the grounds that it is fair, reasonable, and in the public interest. As requested by Enbridge Energy, the Commission grants waiver of the tariff filing requirements under 18 C.F.R. §§ 342.1, 342.3(a), and 342.4, in order to implement the Facilities Surcharge as delineated in the Settlement. The Commission's acceptance of the Settlement does not constitute acceptance of, or precedent regarding, any principle or issue in this filing.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties