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May 9, 2018

Mr. Dan Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101-2147

Pipeline.Comments@state.mn.us

Re: **In the Matter of the Applications of Enbridge Energy, Limited Partnership for a Certificate of Need and Pipeline Route Permit for the Line 3 Replacement MPUC Docket Nos. PL-9/CN-14-916 and PPL-15-137; OAH Docket Nos. 65-2500-32764 and 65-2500-33377**

Dear Mr. Wolf:

Flint Hills Resources owns and operates the Pine Bend refinery in Rosemount, Minn., which produces most of the transportation fuels used in Minnesota, including nearly all the jet fuel, and a significant portion of the fuels used in the surrounding states. The Rosemount refinery also produces a significant percentage of the asphalt used in Minnesota as well as heating fuels and the chemical building blocks for numerous other essential products people rely on every day.

The Pine Bend refinery relies exclusively on the Enbridge pipeline system to provide the crude oil it needs to help meet demand for all these products.

The importance of the Enbridge pipeline system to Minnesota, including the proposed replacement of Line 3, cannot be overstated. Flint Hills Resources has submitted multiple letters attesting to this fact and underscoring why replacing Line 3 is necessary. Given the importance of this matter, Flint Hills Resources is compelled to offer these additional comments regarding the Findings of Fact, Conclusions of Law and Recommendation on the Project issued recently by the Administrative Law Judge (ALJ).

Flint Hills Resources strongly disagrees with the ALJ's assertions that Minnesota shippers such as Flint Hills Resources have sufficient crude oil supplies to meet their needs.

Neither the ALJ or the Minnesota Department of Commerce has properly assessed the harm chronic apportionment on the Enbridge system poses to Minnesota shippers. Contrary to the ALJ's opinion, apportionment is already adversely affecting Minnesota refineries. Last year, apportionment averaged nearly 20 percent on Enbridge's heavy crude oil pipelines. Since January 2018, apportionment on these pipelines has averaged 45 percent, surging as high as 51 percent, which means during this time only a fraction of the crude oil refineries such as Pine Bend sought to purchase was able to be delivered. It also means apportionment is getting worse.

These pipeline constraints force refineries to either slash production, draw down crude oil inventories (at a risk to operational reliability; this also assumes apportionment eases quickly enough to allow supplies to be replenished), or purchase crude oil already in the pipeline from other shippers at a higher price than that shipper's alternative crude oil source, which would inflate the cost of crude oil for shippers that don't have competitive alternatives. This is especially harmful to Minnesota's land-locked and pipeline-dependent refineries where apportionment or the lack of adequate pipeline capacity, if left unremedied, will add unnecessary costs and create greater business risk, stymieing future refinery investments, costing jobs, and potentially leading to less reliable fuel supplies and less competitive prices for Minnesotans at the pump.

The ALJ also vastly understates the impact to Minnesota refiners of its recommended "in-trench" replacement. Taking Line 3 out of service for an in-trench replacement for an estimated 9-16 months would reduce Enbridge's overall system capacity by 300,000-400,000 barrels per day. This would significantly exacerbate apportionment far beyond current levels and put crude supply to Minnesota refineries at even greater risk.

Lastly, Flint Hills Resources objects to the ALJ's treatment of its prior contributions to the record in this matter. While we agree with the ALJ's determination that the project is needed, the suggestion that Flint Hills Resources' comments with respect to its needs are dubious and should not be given serious weight because the company didn't formally intervene is unfair and inconsistent with past practice. As the Commission is aware, Flint Hills Resources doesn't often intervene as a formal party in pipeline matters that are not directly its own. Instead, Flint Hills Resources has worked in good faith with the Department of Commerce and as necessary through the process available to the public to inform the record. It's Flint Hills Resources' experience that the Commission always carefully reviews the evidence presented by project applicants and listens to the concerns of project stakeholders regardless of whether those stakeholders appeared as formal parties. This was certainly the case when the Commission reviewed and ultimately approved Enbridge's Line 67 (Alberta Clipper II) Certificate of Need application, which Flint Hills Resources supported through the traditional public process. The company had no reason to assume the Enbridge Line 3 matter would be treated differently.

Flint Hills Resources continues to invest in projects that improve the Pine Bend refinery's utilization and overall efficiency, increasing production of the products Minnesotans and others need while also reducing emissions and creating jobs. These projects and future investments in the refinery would not be possible without access to sufficient supplies of crude oil. The replacement of Enbridge Line 3 is critical to maintaining proper crude oil supplies and addressing apportionment, which will continue to worsen to the detriment of Minnesota refineries, if left unresolved.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is for Geoff Glasrud, and the signature on the right is for Jake Reint. Both signatures are written in a cursive, flowing style.

Geoff Glasrud
Vice President and Manufacturing Manager
Flint Hills Resources Pine Bend refinery, LLC

Jake Reint
Managing Director, Public Affairs
Flint Hills Resources, LLC