

**STATE OF MICHIGAN
BEFORE
THE MICHIGAN PUBLIC SERVICE COMMISSION**

**IN RE ENBRIDGE ENERGY, LIMITED)
PARTNERSHIP)
APPLICATION PURSUANT TO 1929 PA)
16; MCL 483.1 *et seq.* and Rule 601 of the)
Michigan Public Service Commission's)
Rules of Practice and Procedure, R)
460.17601 to Replace, Construct and)
Operate Certain Pipeline Segments for)
the Transportation of Crude Oil and)
Petroleum in Berrien, Cass, St. Joseph,)
Kalamazoo, Calhoun, Jackson, Ingham,)
Oakland, Macomb, St. Clair Counties,)
Michigan**

Case No. U-17020

**Pre-Filed Direct Testimony
Of
Mark Sitek
And
Exhibits**

1 **Q. PLEASE STATE YOUR FULL NAME, PRESENT POSITION AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Mark Sitek. I am the Vice President – Major Projects Execution for
4 Enbridge Energy Company, Inc. My business address is 1409 Hammond Avenue,
5 Superior, Wisconsin 54880.

6

7 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
8 **WORK EXPERIENCE.**

9 A. I have a Bachelor of Science Degree in Accounting from the University of Wisconsin-
10 Superior and an MBA from the University of Minnesota. I am a Licensed Certified
11 Public Accountant in the State of Wisconsin. I have 25 years of experience in the liquid
12 pipeline industry. My current role is to provide senior management oversight to a
13 portfolio of major projects including the project that is the subject of this Application.
14 Prior to my roles with Enbridge Major Projects, I directed Enbridge's pipeline operations
15 in two of its major operating regions. A statement of my qualifications is attached as
16 Schedule 1.

17

18 **Q. WHAT ARE YOUR RESPONSIBILITIES CONCERNING THIS PROJECT?**

19 A. I am accountable for the successful completion of several major construction projects
20 that expand or extend Enbridge liquids pipelines in North America, including executive
21 responsibility for this Project. I have been actively involved in a leadership role for the
22 Enbridge Major Project's business unit for the last 5 years and was assigned overall
23 responsibility for executing this Project. Thus, I am familiar with the nature, scope and
24 purpose of the Line 6B Phase 2 Replacement Project, which I may refer to in my
25 testimony as the "Project" or "Line 6B Phase 2".

26

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to:

- 3 • describe the overall Project;
- 4 • describe how the Line 6B is operated and the service it provides;
- 5 • explain why this Project is needed and reaffirm the public need and benefits of
- 6 the Project; and
- 7 • sponsor certain exhibits that are related to such activities in this Application
- 8 before the Commission.

9

10 **Q. WHAT PORTION OF THE APPLICATION ARE YOU SPONSORING?**

11 A. I am offering testimony supporting the following sections of the Application

- 12 • Sections I through V, which provides an overview of the Project, the Applicant,
- 13 its operations and services provided.
- 14 • Parts A and B of Section VI, which describes the justification and need for the
- 15 Project, along with describing the economic benefits generated by this Project.
- 16 • Part D of Section VI, which describes the public outreach efforts that Enbridge
- 17 has underway and plans to continue through development and construction of
- 18 this Project to keep all affected stakeholders informed about the Project and
- 19 its status through completion.
- 20 • Sections VII through VIII of the Application, which describes those utilities
- 21 providing similar services in the area of the Project, among other things.

22

23

1 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

2 A. Yes.

3

4 **Q. WILL YOU PLEASE IDENTIFY EACH OF THE EXHIBITS YOU ARE SPONSORING**
5 **FOR THE RECORD?**

6 A. I am sponsoring Exhibit A-1, which provides an overview map of the Line 6B Phase 2
7 Replacement Project. Additionally, I am sponsoring Exhibit A-6, which provides a
8 pictorial overview of the refineries directly or indirectly served by Line 6B

9

10 **Q. HAVE THE EXHIBITS YOU ARE SPONSORING BEEN PREPARED BY YOU OR**
11 **UNDER YOUR DIRECTION?**

12 A. Yes.

13

14 **Q. WILL YOU PLEASE DESCRIBE ENBRIDGE ENERGY, LIMITED PARTNERSHIP,**
15 **ITS OPERATIONS AND THE SERVICES PROVIDED?**

16 A. Enbridge is an interstate common carrier liquid petroleum pipeline company,
17 which provides transportation service to qualified shippers in accordance with
18 conditions of service, rates and product quality as posted in its Tariffs filed with
19 the Federal Energy Regulatory Commission (FERC) and as nominated on month-
20 to-month basis from its qualified shippers as described in greater detail below.

21 Enbridge owns and operates the Lakehead System, which is the U.S. portion of
22 an operationally integrated, international liquid petroleum pipeline system known as
23 the Enbridge Mainline System. The Enbridge Mainline System spans
24 approximately 3,500 miles across North America to connect producers and
25 shippers in western Canada and the Williston Basin in North Dakota and

1 Saskatchewan, and other producing areas with markets in the United States and
2 eastern Canada.¹ Enbridge's affiliate, Enbridge Pipelines Inc., operates the
3 Canadian portion of the Enbridge Mainline System, including portions located in
4 western Canada, and in eastern Canada.

5 The Lakehead System spans approximately 1,900 miles from the international
6 border near Neche, North Dakota, to the international border near Marysville,
7 Michigan, plus a short section from the international border at the Niagara River
8 into the Buffalo, New York area. The Lakehead System operates in seven Great
9 Lakes states and transports between 50% and 75% of the crude oil needed by
10 refineries in the Upper Midwest. (See Exhibit A-1, which provides for an overview
11 map of the Lakehead System for which my testimony supports.) Enbridge is a
12 corporation authorized to transact business in the state of Michigan and is in good
13 standing.

14 Its Operations and Services Provided

15 The Lakehead System transports crude oil and other liquid petroleum to serve
16 Michigan, regional and eastern Canadian refineries, which in turn provide the
17 refined petroleum products used by Michigan and regional residents in the form of
18 gasoline, jet fuel and other petroleum products. As part of the Lakehead System,
19 Line 6B originates at an Enbridge terminal in Griffith, Indiana and traverses
20 southern Michigan to the international border at the St. Clair River, with a
21 connection at Stockbridge to Enbridge's affiliate, Enbridge Pipeline (Toledo) Inc.'s
22 Line 17. Once it passes under the river at the international border, it delivers to

¹ Enbridge Energy, Limited Partnership was formerly known as Lakehead Pipe Line Company, Limited Partnership; hence, the "Lakehead System."

1 the affiliated Enbridge Pipeline Inc. Sarnia Terminal. Line 6B is an integral part of
2 the Lakehead System and plays a vital role in serving (directly or indirectly) the
3 following local, regional and eastern Canadian refineries. As I stated earlier,
4 enclosed with my supporting testimony is Exhibit A-6, which provides a pictorial
5 view of these local and regional refineries.

- 6 • Marathon Petroleum in Detroit, Michigan
- 7 • PBF Refining in Toledo, Ohio
- 8 • BP-Husky in Toledo, Ohio
- 9 • United Refining in Warren, Pennsylvania
- 10 • Shell in Sarnia, Ontario
- 11 • Imperial Oil in Sarnia, Ontario
- 12 • Suncor in Sarnia, Ontario
- 13 • Imperial Oil in Nanticoke, Ontario

14 Line 6B serves as critical infrastructure to these local, regional, and eastern
15 Canada refineries and transports a large portion of the total crude oil and
16 petroleum processed by the regional refineries. Moreover, Line 6B provides the
17 regional refiners with access to reliable and cost-effective sources of crude oil and
18 petroleum supplies from Western Canada and the Williston Basin to meet their
19 ongoing feedstock requirements.

20 Enbridge is experienced in the construction, operation and maintenance of
21 pipelines, including large diameter pipeline systems utilized for the transportation
22 of petroleum and petroleum products. The Applicant will be responsible for
23 operating and maintaining the new 36-inch and new 30-inch pipeline segments of
24 Line 6B, including all newly installed facilities at the existing Niles, Mendon,

1 Stockbridge, Howell, Ortonville and St. Clair Stations as further described in the
2 testimony of Mr. Thomas Hodge and Exhibit A-2, which his testimony supports.

3 **Q. WOULD YOU PLEASE BRIEFLY DESCRIBE THE GENERAL SCOPE OF THE**
4 **PROJECT?**

5 A. In the Application, Enbridge seeks authority to construct, own and operate
6 approximately 110 miles of new 36-inch diameter pipeline and 50 miles of new 30-
7 inch diameter pipeline, all of which replace certain 30-inch diameter pipeline
8 segments of its existing crude oil and petroleum pipeline² known as Line 6B in the
9 counties of Berrien, Cass, St. Joseph, Kalamazoo, Calhoun, Jackson, Ingham,
10 Oakland, Macomb and St. Clair., Michigan.³

11 More specifically, Enbridge proposes to replace five separate, noncontiguous
12 pipeline segments, which vary in length, and are referred to as Segments 2B in
13 Berrien and Cass Counties; Segment 3A in Cass and St. Joseph Counties;
14 Segment 4A in Kalamazoo and Calhoun Counties; Segment 5A in Calhoun,
15 Jackson and Ingham Counties; and Segment 8 in Oakland, Macomb and St. Clair
16 Counties. Enbridge also plans to install certain new station facilities at the existing
17 station sites of Niles Pump Station in Cass County; Mendon Pump Station in St.
18 Joseph County; Stockbridge Pump Station and Terminal Facility in Ingham
19 County; Howell Pump Station in Livingston County; Ortonville Station in Oakland
20 County; and St. Clair Station in St. Clair County, Michigan. (See the testimony of
21 Mr. Thomas Hodge for more detailed information on project description and

² Crude oil is a form of petroleum. For the ease of reference in this application, the crude oil and petroleum pipeline is sometimes referred to as simply a crude oil pipeline.

³ Line 6B originates at Griffith, Indiana and extends to the east to traverse northwestern Indiana, southern Michigan, to ultimately cross the US-Canadian International Border at Marysville, Michigan, where it terminates at an affiliated Enbridge terminal in Sarnia, Ontario.

1 facilities.)

2 The overall scope of this Project involves the replacement of the remaining
3 segments of Line 6B, which totals approximately 210 miles of new pipeline in the
4 states of Indiana and Michigan. Specifically, Enbridge plans to replace
5 approximately 160 miles of Line 6B with new 36-inch diameter pipeline between
6 Enbridge's existing Griffith Pump Station and Terminal Facility in Lake County,
7 Indiana and its existing Stockbridge Pump Station and Terminal Facility in Ingham
8 County, Michigan. Enbridge also plans to replace approximately 50 miles of Line
9 6B with new 30-inch diameter pipeline from Ortonville to the St. Clair River in
10 Marysville, Michigan. See the project overview map (Figure No. 1) and project
11 description on Table No. 1 below, which my testimony supports. The first 50
12 miles of the Phase 2 Replacement Project includes Segment Nos. 1A and 2A,
13 which are located in Indiana. The remaining 160 miles are located in Michigan
14 with Segment Nos. 2B, 3A, 4A, 5A and 8 being the subject of this Application, as I
15 previously described in my testimony.

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18

1 This is Figure 1 from the Application.



2

Table No. 1					
Overall Project Description					
Segment No.	Begin	End	Mileage	Counties Crossed	State
Segment 1A	470.5	499.5	29	Lake, Porter, LaPorte	IN
Segment 2A	504.7	525.8	21.1	LaPorte, St. Joseph	IN
<i>Total miles in Indiana</i>			<i>50.1</i>		
Segment 2B	525.8	538.3	12.5	Berrien, Cass	MI
Segment 3A	543.5	577	33.5	Cass, St. Joseph	MI
Segment 4A	582	607.7	25.7	St. Joseph, Kalamazoo, Calhoun	MI
Segment 5A	612.7	650.6	37.9	Calhoun, Jackson, Ingham	MI
Segment 8	701	751	50.0	Oakland, Macomb and St. Clair	MI
<i>Total miles in Michigan</i>			<i>159.6</i>		

3 This is Table No.1 from the Application.

1 Replacement of these segments was selected in order for Enbridge to restore the
2 original ultimate pipeline capacity of Line 6B. Enbridge concluded that by
3 replacing the Griffith to Stockbridge portion of Line 6B with new 36-inch diameter
4 pipeline and replacing the last 50 miles with new 30-inch diameter pipeline, along
5 with installing new facilities at existing station locations, it would be able to meet
6 its shippers' current and forecasted demands for additional pipeline capacity, as I
7 will explain in more depth during my testimony.

8
9 **Q. WHEN ENBRIDGE COMPLETES THIS REPLACEMENT PROJECT, WILL ALL**
10 **OF LINE 6B BE REPLACED IN THE U.S.?**

11 A. Yes. Upon completion of this replacement project and the 75-mile replacement
12 project Enbridge filed with this Commission in MPSC Case Nos. U-16838 and U-
13 16856, Line 6B will have been replaced in its entirety from Griffith, Indiana to the
14 St. Clair River in Marysville, Michigan.

15
16 **Q. PLEASE EXPLAIN WHY ENBRIDGE DECIDED TO REPLACE THE**
17 **REMAINING LINE 6B PIPELINE SEGMENTS INSTEAD OF MAINTAINING**
18 **THESE SEGMENTS UNDER ITS LONG TERM INTEGRITY PROGRAM**

19 A. To provide the record with additional background information, it is important to note
20 that, as a component of its long-term integrity management program, Enbridge
21 has been working to replace certain pipeline segments of its Line 6B in the states
22 of Indiana and Michigan. The first phase of these replacement projects was filed
23 with this Commission in August 2011, as the 75-mile replacement project, which
24 was designed to manage and maintain the future integrity of Line 6B under the

1 Line 6B 2012 Maintenance and Rehabilitation Program (“2012 Program”). This
2 first phase focused on replacing seven, noncontiguous pipeline segments of Line
3 6B, totaling approximately 75 miles of pipeline between Griffith, Indiana and
4 Ortonville, Michigan. Under this first replacement project, the first 10 miles
5 included Segment Nos. 1 and 2, which are located in Indiana. The remaining
6 sixty-five miles, which included Segment Nos. 3 through 7, are located in
7 Michigan and were filed with this Commission in two separate applications
8 referenced as Case Nos. U-16838⁴ and U-16856⁵, respectively.⁶

9 Subsequent to filing these integrity-driven maintenance projects, Enbridge
10 continued to evaluate the operation of the remaining Line 6B segments under its
11 maintenance and rehabilitation program. Consistent with that program, Enbridge
12 examined comprehensive and integrated integrity results, including internal
13 inspection data, and projected future maintenance activities on these remaining
14 segments. Concurrently, Enbridge evaluated the long term capacity requirements
15 of its shippers. Based on these evaluations and the current capacity limitations of
16 Line 6B, Enbridge decided to replace the remaining segments. The remaining
17 pipeline segments Enbridge plans to replace are as follows:

⁴ The first project, known as the 50-mile Stockbridge to Ortonville Replacement Project, was filed with the MPSC on August 12, 2011, as Case No. U-16838, seeking authority to replace approximately 50 miles of Line 6B with new 30-inch diameter pipeline in the counties of Ingham, Livingston and Oakland. This application is pending before the Commission.

⁵ The second project, known as the 15-mile Niles, Mendon and Marshall Replacement Project, was filed with the MPSC on August 26, 2011, as Case No. U-16856, seeking authority to replace three 5-mile pipeline segments of Line 6B with new 36-inch diameter pipeline in the counties of Cass, St. Joseph and Calhoun, Michigan. Replacement of these pipeline segments with new 36-inch diameter pipeline is in the public interest because it avoids additional landowner and environmental impacts that may otherwise occur by replacing newly installed 30-inch diameter pipe with new 36-inch diameter pipe, in order to meet future shipper demand in this region. This project was approved by this Commission pursuant to a December 6, 2011, Order Approving Settlement Agreement.

⁶ Both of these projects are major components of Enbridge’s long-term integrity management program for Line 6B resulting in reliable transportation of much of the crude oil feedstock used by regional refineries.

- 1 a. Griffith to Stockbridge (Pipeline Segments 2B, 3A, 4A, 5A) with a
2 new 36-inch diameter pipeline, which is consistent with the same
3 size of pipeline this Commission approved for the 15-mile Niles,
4 Mendon and Marshall Replacement Project (U-16856).⁷
- 5 b. Ortonville to St Clair River (Pipeline Segment 8) with a new 30-inch
6 diameter pipeline, which is consistent with the same size of pipeline
7 pending approval before this Commission for the 50-miles
8 Stockbridge to Ortonville Replacement Project (U-16838).⁸

9 As I previously stated, replacement of these pipeline segments was selected in
10 order for Enbridge to restore the original ultimate pipeline capacity of Line 6B.
11 Enbridge further concluded that by replacing the Griffith to Stockbridge portion of
12 Line 6B with new 36-inch diameter pipeline and replacing the last 50 miles with
13 new 30-inch diameter pipeline, along with installing new facilities at existing
14 station locations, it would be able to meet its shippers' forecasted demands for
15 additional pipeline capacity in the future.

16 Enbridge's decision to replace these segments minimizes the amount and
17 frequency of future maintenance activities. While ongoing integrity inspections,
18 testing and maintenance achieves required safety standards, replacement of the
19 remaining Line 6B segments is the more cost-effective option to meet the current
20 and future capacity requirements of its shippers.

21
22

⁷ See Footnote No. 6.

⁸ See Footnote No. 5.

1 Enbridge has conducted numerous discussions and meetings with its shippers⁹
2 regarding their current and future transportation requirements on Line 6B. These
3 discussions have played an important role in Enbridge's decision to replace the
4 remainder of the Line 6B pipeline segments because shippers have expressed a
5 present need for additional pipeline capacity. However, with Line 6B expected to
6 operate at pressures below the previous maximum operating pressure, the
7 available pipeline capacity on Line 6B would be reduced. By replacing the
8 remaining segments of Line 6B with new pipeline, Enbridge will be able to achieve
9 the original ultimate capacity and also provide the pipeline capacity necessary to
10 meet its shippers' current transportation requirements.

11 In addition, shippers are also forecasting a need for additional capacity above
12 current demands. Line 6B has experienced periodic apportionment¹⁰ based on
13 monthly shipper demand. Enbridge anticipates that the frequency of
14 apportionment will only increase as demand for additional pipeline capacity rises
15 to meet the feedstock requirements of the refineries, which Line 6B directly and
16 indirectly serves. As a result, Enbridge plans to replace certain segments of Line
17 6B with 36-inch diameter pipe and to install new facilities at certain existing station
18 locations in order to meet its shipper's future transportation requirements.

19 Enbridge has received initial shipper support for this Project from the Canadian

⁹ Shippers are defined to mean producers, refiners and marketers who schedule the transportation of crude oil supplies from a point of receipt to a point of delivery on a common carrier pipeline system. Such scheduling of transportation service is based on month to month nominations. Shippers include producers of crude oil in North America and refiners or marketing companies that sell, purchase and/or transport crude oil volumes for themselves or others.

¹⁰ When nominations on a pipeline exceed available capacity in a given month, the volumes nominated are allocated amongst those shippers that nominated in a month in accordance with the specific, non-discriminatory, procedures detailed in the FERC Rules and Regulations Tariff on file and in effect. The allocation of capacity when nominations exceed available capacity is referred to as "apportionment".

1 Association of Petroleum Producers ("CAPP"),¹¹ which represents a number of
2 the largest shippers, as well as support from regional refineries served by this
3 pipeline.

4 It is also important to note that this Project benefits the public by replacing those
5 pipeline segments that would otherwise require extensive ongoing integrity
6 assessment and maintenance under Enbridge's long-term integrity management
7 program.¹² Thus, the Project also has an added public benefit by reducing
8 ongoing impacts to landowners, local communities and the environment over the
9 long term.

10 Therefore, for the reasons described above, Enbridge developed the Line 6B
11 Phase 2 Replacement Project, which is a second phase designed to replace the
12 remaining segments of Line 6B in the states of Indiana and Michigan. The
13 replacement segments will be designed and constructed in accordance with
14 federal pipeline safety regulations, specifically 49 Code of Federal Regulations
15 Part 194 and 195 (49 CFR Parts 194 and 195) and any applicable national
16 technical standards.

17

18 **Q. WILL ANY MUNICIPALITIES BE AFFECTED BY THE PROJECT?**

19 A. The municipalities and counties affected by replacement Segment Nos. 2B, 3A,
20 4A, 5A and 8 are set forth in Table No. 2 below. Each municipality and county

¹¹ CAPP is a trade organization whose members operate petroleum and natural gas interests in Canada. The members of CAPP control 90% of the petroleum production in Canada.

¹² In accordance with various federal pipeline safety regulations and national consensus standards, pipelines are inspected, maintained, and repaired as necessary to maintain safe operations commensurate with the operating pressures of the pipeline. This process, known as "integrity management" includes periodic internal inspections with in-line inspection devices and, based on the results of those tools, anomalies are prioritized, monitored and/or excavated and repaired.

1 crossed by the planned replacement segments is a municipality and county where
 2 Line 6B is already located and operating.

3

Table No. 2			
Name of Replacement Segment	City or Village	Township	County
Segment No. 2B – MP 525.8 to MP 538.3			
		Bertrand	Berrien
	Niles	Bertrand/Niles	Berrien
		Milton	Cass
Segment No. 3A – MP 543.5 to MP 577			
		Jefferson, Calvin	Cass
	Vandalia	Penn	Cass
		Newberg	Cass
		Fabius, Flowerfield, Park, Mendon	St. Joseph
Segment No. 4A – MP 582 to 607.7			
		Mendon	St. Joseph
		Brady, Wakeshma	Kalamazoo
		Athens, Leroy, Newton, Fredona	Calhoun
Segment No. 5A – MP 612.7 to MP 650.6			
		Marengo, Sheridan	Calhoun
		Parma, Springport, Tompkins, Rivers	Jackson
		Leslie, Bunker Hill, Stockbridge	Ingham
Segment 8 – MP 701 to MP 751			
		Brandon, Oxford	Oakland
	Leonard	Addison	Oakland
		Bruce, Armada, Richmond	Macomb

Table No. 2			
Name of Replacement Segment	City or Village	Township	County
		Columbus	St Clair
	Marysville	St Clair	St. Clair
		Port Huron	St Clair

The above table is Table No. 2 from the Application.

Q. WILL YOU PLEASE DESCRIBE THE NATURE OF UTILITY SERVICE TO BE FURNISHED BY THE PROJECT?

A. As I discussed earlier in my testimony, the nature of the service to be furnished by Line 6B will not be changed by the Project. Line 6B will continue to be an integral part of a common-carrier crude oil and petroleum pipeline system, linking crude oil producing regions in North America to refineries that process crude oil into the petroleum products used by consumers and businesses in Michigan and the surrounding regions. Enbridge will continue to own, operate and maintain Line 6B.

Q. ARE OTHER UTILITIES PROVIDING THE SAME SERVICES IN THE VICINITY OF THE PROJECT?

A. No. There are no other utilities that can transport the large volumes or types of crude oil and petroleum produced in western Canada or the Williston Basin to refineries served in the region of the Project.

1 **Q. WILL YOU PLEASE EXPLAIN WHY THIS PROJECT IS IN THE PUBLIC INTEREST**
2 **AND NEEDED?**

3 A. As I stated earlier in my testimony, Enbridge seeks authority to replace the
4 remaining segments of its Line 6B in the states of Michigan. This Project reduces
5 the level of future maintenance activities under Enbridge's maintenance and
6 rehabilitation program and meets Enbridge shippers' current and future
7 transportation requirements. This replacement enables Enbridge to restore its
8 Line 6B to its original ultimate capacity to meet the rising demand for additional
9 pipeline capacity. In order to facilitate future forecasted shipper demand on Line
10 6B, Enbridge plans to install certain new facilities at select station sites and to
11 replace the remaining Line 6B segments as follows: segments between Griffith,
12 Indiana and Stockbridge, Michigan with a new 36-inch diameter pipeline
13 consistent with the pipe size this Commission approved in Case No. U-16856 for
14 the Niles, Mendon and Marshall Replacement Project, and segment between
15 Ortonville and the St. Clair River with a new 30-inch diameter pipeline, which is
16 also consistent with the pipe size this Commission is considering in Case No. U-
17 16838 for the Stockbridge to Ortonville Replacement Project.

18 The Phase 2 Replacement Project serves a public need because it: 1) reduces
19 the frequency and magnitude of maintenance activities that would otherwise be
20 needed in these pipeline segments to maintain continued safe operations, thus,
21 providing significant benefits to landowners, local communities and the
22 environment; 2) restores the ultimate pipeline capacity of Line 6B and adds
23 incremental pipeline capacity to meet shippers' current and future transportation
24 requirements as well as avoids anticipated increased level of apportionment on

1 Line 6B; and 3) serves the future petroleum requirements of Michigan residents
2 and surrounding region, who are dependent on refineries throughout the region to
3 meet their refined petroleum product needs.

4 1) **Reduces Frequency and Amount of Maintenance Activities**

5
6 Enbridge's ongoing maintenance and rehabilitation program for Line 6B consists
7 of a variety of preventative maintenance actions and inspections that protects the
8 safe operation and longevity of Line 6B, as a vital pipeline serving the Midwest
9 and eastern refinery markets. Prior to developing this Project, Enbridge evaluated
10 internal integrity data collected through a series of sophisticated internal
11 inspection instruments and analysis and, used that information to plan future
12 maintenance activities on the remaining segments. While Enbridge could continue
13 to safely operate Line 6B under its integrity verification and maintenance program,
14 replacement is in the public interest because it minimizes the amount and
15 frequency of maintenance activities.

16 Additionally, this Project represents an efficient, alternative integrity management
17 approach that is environmentally responsible and has the least long term recurring
18 impacts to landowners and local communities. Replacing these pipeline
19 segments benefits the public as it reduces future integrity excavations and
20 maintenance activities, which otherwise would be conducted to assure safe
21 operation of Line 6B. It also provides the added public benefit of minimizing
22 impacts from recurring disruptions to landowners, local communities and the
23 environment over the long term.

24 Prior to developing this Project, Enbridge also evaluated the long term capacity
25 requirements of its shippers on Line 6B. Even if these segments continued to be

1 operated under Enbridge's maintenance and rehabilitation program, the pipeline
2 capacity on Line 6B does not meet shippers' current and forecasted transportation
3 requirements. For these reasons, replacing these pipeline segments is the most
4 cost-effective option for restoring Line 6B's ultimate pipeline capacity and meeting
5 shippers' capacity requirements.

6 **2) Restores Line 6B to its Ultimate Pipeline Capacity to Meet Current and**
7 **Future Shipper Demand**
8

9 This Project provides a public benefit by providing the needed common-carrier
10 pipeline capacity necessary to meet Michigan and regional petroleum needs.
11 Shippers have a current need for additional pipeline capacity on Line 6B.
12 Replacement restores Line 6B to its ultimate pipeline capacity but after extensive
13 discussions with its shippers, Enbridge determined that even if replaced, there is a
14 need for additional pipeline capacity on Line 6B. Enbridge is forecasting
15 continued transportation demands, which will result in increased shipper
16 apportionment on Line 6B absent replacement from Griffith to Stockbridge with
17 36-inch diameter pipe and certain facility installations, and replacement from
18 Ortonville to the St. Clair River with 30-inch diameter pipe. This growing demand
19 is largely driven by ongoing and planned refinery upgrades and expansions in
20 Michigan and Ohio and near-term anticipated demand increases by eastern
21 Canadian refineries for growing crude supplies produced in parts of North
22 America that are connected to the Enbridge Mainline System. Based on this
23 growing demand for capacity on Line 6B, the additional pipeline capacity afforded
24 by this Project is in the public interest because it will alleviate the current and
25 anticipated capacity constraints on Line 6B.

1 As previously stated, Line 6B is operating under periodic apportionment. Thus,
2 shippers are reliant upon this Project to meet their transportation requirements for
3 increased incremental pipeline capacity from Griffith to Stockbridge, and further to
4 Ontario and eastern United States markets. Enbridge has received initial shipper
5 support, including from Michigan and regional refineries, for this Project.

6 As an alternative to this replacement Project, Enbridge considered expansion of
7 its Line 5. Line 5 is the primary route by which the lighter grades of crude oil are
8 shipped from Superior via the Upper Peninsula of Michigan to the refineries in
9 Michigan, Ontario, and northern Ohio. Expansion of Line 5 would require the
10 construction of a second, 645-mile parallel pipeline from Superior to Sarnia.
11 Enbridge dismissed this option as being more intrusive to landowners, local
12 communities and the environment, than replacing certain segments of Line 6B
13 with a 36- inch diameter pipe from Griffith to Stockbridge and a 30-inch from
14 Ortonville to the St. Clair River in Marysville, Michigan. This Project is the most
15 efficient and timely transportation solution, to meet shippers' current and
16 forecasted demands for additional pipeline capacity.

17 **3) Serves the Future Petroleum Requirements of Michigan Residents and**
18 **Surrounding Region**

19 This Project not only meets current and forecasted future capacity requirements of
20 its shippers, but also provides secure and reliable crude oil and petroleum
21 supplies to local and regional refineries, who serve the daily requirements of
22 Michigan residents for refined petroleum products such as gasoline, jet fuels and
23 other petroleum by-products. It is important to note that the incremental capacity
24 provided by replacing Line 6B with a 36-inch pipeline between Griffith and
25 Stockbridge is sufficient to satisfy the future demand at the Marathon Detroit and
26

1 BP-Husky Toledo refineries, the refineries in Ontario, Canada as well as the
2 refinery in Warren, Pennsylvania. Accordingly, the Project is designed to provide
3 sufficient capacity to meet the foreseeable future needs in Michigan; northern
4 Ohio; Ontario, Canada; and western Pennsylvania.

5
6 **Q. WILL YOU PLEASE DESCRIBE THE TIME SCHEDULE FOR THE PROJECT?**

7 A. Enbridge respectfully requests the Commission's approval of this Application by
8 November 1, 2012, so that construction may commence as early as November
9 15, 2012. The target in-service date for this Project is September 2013.

10
11 **Q. WILL YOU PLEASE DESCRIBE THE ECONOMIC BENEFITS OF THE PROJECT?**

12 A. Enbridge estimates that the cost of the Project will be approximately \$1.295
13 billion. Based on the anticipated cost of the Project and current tax schedules,
14 Enbridge estimates it could pay as much as \$23.0 million in incremental annual
15 property taxes within Michigan beginning in 2014, subject to assessments by local
16 government units.

17 Additionally, Enbridge anticipates that this Project will provide temporary
18 beneficial impacts on the local economy during construction. Using the Regional
19 Input-Output Modeling System (<http://www.bea.gov/regional/rims/>), Enbridge
20 estimates that approximately 21,948 person-years of temporary construction jobs
21 will be created for the duration of construction. Depending on the availability of
22 local skilled workers, the general pipeline contractor typically draws upon
23 approximately one-half of the workers from Michigan and surrounding states. The
24 total economic benefits of the Project are estimated at \$3.1 billion during the same

1 year of construction (see Table No. 3 below which summarizes the local economic
2 benefits generated by this Project). Unemployment in the area would be
3 temporarily reduced and payroll taxes would temporarily rise. Local businesses
4 would also benefit from the temporary demand for goods and services generated
5 by the workforce's need for food, lodging and supplies. Enbridge expects to
6 purchase some of the materials necessary for construction of the Project locally,
7 including consumables, fuel, equipment, and miscellaneous construction-related
8 materials.

9 Operations are expected to begin in 2013, generating 528 jobs and another \$108
10 million in economic impact based on the direct and indirect spending modeled in
11 the input-output economic analysis. Using the cumulative impacts, this model
12 projects that between 2014 and 2021, the Project is expected to lead to the
13 indirect creation of 1,537 jobs on average, and create an additional \$315 million in
14 annual economic impact. From 2022 to 2027, indirect jobs created are expected
15 to rise to an average of 1,705 jobs over the same period, with annual economic
16 impact of \$350 million.

17

Table No. 3				
Local Economic Benefits generated from Project				
Component	Estimated Total Project Costs *	Estimated Tax Benefits* 1/	No. of Temporary or Permanent Jobs Created	Total Economic Benefits*
Line 6B Phase 2 Replacement Project	\$ 1.295 Billion	\$22.8 M	21,948 person-years	\$ 3.1 Billion
During Operation of the Line 6B Replacement Segments				
2013			\$528 M	\$108 M
2014 - 2021		\$23.0 – 24.8 M	Average of 1,537 jobs over the period	\$315 M over the period
2022 - 2027		\$25.3 – 26.7 M	Average of 1,705 jobs over the period	\$350 M over the period

*M represents "million".

1/ Tax benefits start in year 2014. Each tax year thereafter, the estimated tax benefit will range between amounts specified, depending on current tax assessment tables and pipeline valuation within the taxing year.

The above is Table No. 3 from the Application.

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7

8 **Q. PLEASE DESCRIBE THE PUBLIC OUTREACH EFFORTS THAT ENBRIDGE IS**
9 **IMPLEMENTING TO KEEP ITS STAKEHOLDERS INFORMED ABOUT THE**
10 **PROJECT.**

11 A. Enbridge has been and continues to work diligently with affected landowners,
12 public officials and stakeholders along the Project route. Enbridge has
13 established a project field office in Howell, Michigan, to provide land agents, as
14 well as administrative and supervisor personnel, with a local community presence
15 and base of operations.

16 In addition, Enbridge is committed to meaningful consultation and dialogue with
17 stakeholders affected by this Project. Enbridge has contracted the services of a
18 Michigan-based community relations consultant that has worked with Enbridge for
19 several years. Enbridge has and will continue to communicate information about

1 the Phase 2 Replacement Project to local, county and state public officials
2 through various means, including mailings, face-to-face consultation meetings,
3 distribution of collateral materials, a toll-free number, a pipeline integrity video,
4 and web site information.

5 Enbridge established an internet website for interested stakeholders to learn more
6 about the Phase 2 Replacement Project and obtain updated information on the
7 status of this Project. We will attempt to communicate clearly to avoid confusion
8 over the ongoing maintenance activities still required pending replacement as well
9 as the upcoming construction of the three 5-mile segments at Niles, Mendon and
10 Marshall in 2012 and this Project. Interested stakeholders are encouraged to go
11 to <http://www.enbridgeus.com/Line6bphase2> for the latest updates. To further its
12 public outreach efforts, Enbridge remains committed to maintaining an open
13 dialog with its affected landowners and will continue to mail Project update letters
14 as deemed necessary to keep its landowners informed on the progress of the
15 Project. Landowner negotiations for compensation will be managed on an
16 individual basis by experienced land and right-of-way agents, who have also been
17 oriented on the purpose and details of this Project and Enbridge expectations and
18 practices.

19 Enbridge established 866-410-4356 as a toll-free number to accommodate
20 stakeholder contact during the Project and through the 2013 restoration stage.
21 The toll-free number is equipped with voicemail service in order to receive after-
22 hours calls. Representatives answering calls or retrieving messages will be
23 properly trained to direct stakeholder calls to appropriate functions or Enbridge
24 personnel within 24-hours of contact.

1 Interested stakeholders can also request an electronic or hard copy of this
2 Application by calling the above referenced toll-free number. Such information will
3 be sent FedEx ground service for the most efficient and timely delivery of such
4 data to the requesting party.

5
6 **Q. WHAT OTHER OPTIONS DID YOU CONSIDER TO MEET THIS**
7 **TRANSPORTATION DEMAND?**

8 A. Enbridge developed the scope of this Project after extensive discussions with our
9 shippers and evaluation of various options. We considered the potential of expanding
10 Line 5, but such expansion would require the construction of a second, 645 mile
11 parallel pipeline from Superior to Sarnia. Thus, Enbridge readily dismissed this
12 option as being more intrusive to landowners, local communities and the
13 environment, than replacing certain segments of Line 6B with a 36- inch diameter
14 pipe from Griffith to Stockbridge and a 30-inch from Ortonville to the St. Clair
15 River in Marysville, Michigan. This Project is the most efficient and timely
16 transportation solution, to meet shippers' current and forecasted demands for
17 additional pipeline capacity.

18 As described in more detail in the testimony of Ms. Rachael Shetka, Enbridge also
19 evaluated several alternatives to the Project, including no action, system
20 alternatives, route variations, and alternative energy and conservation
21 alternatives. After assessing each of the Project alternatives, Enbridge has
22 determined that the Project as proposed is the preferred option.

23 The Project is best characterized as installation of a replacement crude oil and
24 petroleum pipeline consistent with Enbridge's maintenance and rehabilitation

1 program, which will allow Enbridge to meet the current and forecasted
2 transportation requirements of its shippers.

3
4 **Q. IN CONCLUSION, WILL YOU PLEASE SUMMARIZE THE PUBLIC BENEFITS**
5 **GAINED BY THE PROJECT AND HOW IT SERVES THE GENERAL PUBLIC'S**
6 **INTEREST?**

7 A. Yes, I will be glad to provide an overall summary statement of the benefits provided
8 by this Project. As I have stated in my testimony, this Project is in the public interest
9 because it:

- 10 1) reduces the frequency and magnitude of maintenance activities that
11 would otherwise be needed in these pipeline segments to maintain
12 continued safe operations, thus, providing significant benefits to
13 landowners, local communities and the environment;
- 14 2) restores the ultimate pipeline capacity of Line 6B and adds
15 incremental pipeline capacity to meet shippers' current and future
16 transportation requirements, as well as avoids anticipated increased
17 level of apportionment on Line 6B; and
- 18 3) serves the future petroleum requirements of residents in Michigan
19 and nearby states, who are dependent on refineries throughout the
20 region to meet their refined petroleum product needs.

21 For all of the reasons stated above, I believe this Project is therefore in the public
22 convenience and necessity, and best serves the interests of Michigan energy users.

23

1 **Q. WILL ENBRIDGE ACCEPT THE REQUIREMENTS IMPOSED BY 1929 PA 16, AS**
2 **AMENDED, FOR CRUDE OIL AND PETROLEUM PIPELINES?**

3 A. Yes, it will.

4

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes.

Mark Sitek
Statement of Qualifications

Sponsor of Pre-Filed Testimony in Support of Enbridge Energy, Limited Partnership's Application pending before the Michigan Public Service Commission.

Name and Business Address

Mark S. Sitek
1409 Hammond Avenue
Superior, Wisconsin 54880
(715) 398-4619

Education and Certifications

Undergraduate:
Bachelor of Science - Accounting
University of Wisconsin – Superior - 1981

Graduate:
Master of Business Administration (MBA)
University of Minnesota - 1989

Certified Public Accountant in Wisconsin since 1984
Certified Business Manager - 2002

Current Position

Vice President, Major Projects Execution
Enbridge Energy Company, Inc.
Superior, Wisconsin
Dates: November 2011 – present
Responsibilities: Member of Enbridge Major Projects Executive Management Team and responsible for oversight and coordination of a portfolio of major projects totaling over \$5 Billion.

Prior Experience Relevant to Testimony

Senior Project Director, Bakken Expansion Program
Enbridge Energy Company, Inc.
Superior, Wisconsin
Dates: August 2010 – November 2011
Responsible for execution of all activities related to the construction of a \$560 Million liquid petroleum pipeline and related facilities in North Dakota, Saskatchewan, and Manitoba.

Mark Sitek
Statement of Qualifications
Page 2

Sponsor of Pre-Filed Testimony in Support of Enbridge Energy, Limited Partnership's Application pending before the Michigan Public Service Commission.

**Prior Experience
Relevant to Testimony**

**Senior Project Director, Southern Lights
Enbridge Energy Company, Inc.
Superior, Wisconsin**

Dates: March 2007 – July 2010

Responsible for execution of all activities related to the construction of a \$2.1 Billion, 1,600 mile liquid petroleum pipeline which was placed into service on July 1, 2010.

**General Manager (District Manager)
Enbridge Energy Company, Inc.
Superior, Wisconsin and Griffith, Indiana**

Dates: June 1996 - February 2007

Held the lead Operations Management position for each of Enbridge's Superior and Chicago operating regions of its Liquid Pipeline Division. Responsible for safe and efficient pipeline operations, maintenance, emergency response, construction, government regulation and business development within the operating regions of the world's longest liquid petroleum pipeline.

**Manager Rates and Forecasts
Lakehead Pipeline Company
Duluth, Minnesota**

Dates: August 1993 - May 1996

Responsible for the development of company operating budgets, long-range financial plans and financial forecasts. Also responsible for all rate regulation matters before the Federal Energy Regulatory Commission (FERC).

**Various positions in Financial Services and Internal Audit
Lakehead Pipeline Company
Superior, Wisconsin**

Dates: March 1987 - July 1993

Vital Link to Regional Petroleum Supply

Michigan Public Service Commission
Case No.: U-17020
Exhibit No.: A-6

REFINERIES IN MICHIGAN AND SURROUNDING REGION SERVED BY LAKEHEAD SYSTEM

