

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Alliance Pipeline L.P.) Docket Nos. CP12-50-____ and CP13-____

**APPLICATION OF ALLIANCE PIPELINE L.P.
FOR AMENDMENT OF
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

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Alliance Pipeline L.P.

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**APPLICATION OF ALLIANCE PIPELINE L.P.
FOR AMENDMENT OF
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Pursuant to Section 7(c) of the Natural Gas Act, as amended (“NGA”),¹ and Part 157 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”),² Alliance Pipeline L.P. (“Alliance”) hereby files this application for an amendment of the Certificate of Public Convenience and Necessity authorized by Commission order issued on September 20, 2012 (“September 20, 2012 Certificate Order”). The September 20, 2012 Certificate Order authorized Alliance to construct, own, operate, and maintain an approximately 79.3-mile-long, interstate natural gas pipeline lateral designed to connect natural gas production from the Bakken shale formation to the Alliance mainline (hereinafter “Tioga Lateral”).

By this Application, Alliance requests an amendment of the September 20, 2012 authorization to (i) construct and operate three electric compressors totaling approximately 7,950 horsepower (“hp”) which replace the three units providing 6,000 hp of compression capability approved in the September 20, 2012 Certificate Order and (ii) recalculate the initial rates for service on the Tioga Lateral to reflect revised cost levels associated with the replacement compressors and increased billing determinants associated with a higher design capacity.³ Alliance also requests approval to make certain other changes

¹ 15 U.S.C. § 717f(c) (2006).

² 18 C.F.R. Section 157 (2010).

³ The additional 1,950 hp in total compression capability increases the design capacity from 106.5 MMcfd to 126.4 MMcfd.

in the cost of service underlying the Tioga Lateral initial rates, including the use of current project cost estimates, and revisions that were required by the September 20, 2012 Certificate Order.

Alliance respectfully requests that the Commission issue a final order authorizing the replacement facilities and approving the revised initial rates on or before February 1, 2013, which will allow Alliance to complete the construction of the pipeline, compressor station, and associated facilities in order to meet a planned in-service date of July 1, 2013.

In support of this application, Alliance shows the following:

I.
Identity of Applicant and Communications

The exact legal name of the applicant is Alliance Pipeline L.P. Alliance is a limited partnership duly organized and existing under the laws of the State of Delaware, having its principal place of business in Eden Prairie, Minnesota. Alliance is authorized to conduct business as a foreign limited partnership in North Dakota, Minnesota, Iowa, and Illinois in order to engage in open-access natural gas transportation services and to own and operate transmission facilities within those states.⁴

⁴ Copies of the Certificate of Limited Partnership of Alliance Pipeline L.P. and of the Articles of Incorporation and By-Laws of Alliance Pipeline Inc., the Managing General Partner of Alliance Pipeline L.P., were included in Alliance's January 25, 2012 application regarding the Tioga Lateral as Exhibit A thereto.

Pursuant to 18 C.F.R. § 157.6 (b)(1), Alliance respectfully requests that all communications concerning this application be addressed to the following persons:

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II. Current Operations

By orders issued August 1, 1997 and September 17, 1998, the Commission authorized Alliance to construct an approximately 886 mile-long, 36-inch diameter pipeline system and the necessary border-crossing facilities extending from the international boundary in North Dakota to various interconnections in Illinois.⁵ The Commission found, *inter alia*, that Alliance would “foster increased competition in transportation and sale of natural gas in Midwestern and Eastern markets” and “introduce substantial new volumes of Canadian natural gas into the Chicago area for further transportation in the interstate transportation grid.”⁶ Alliance was constructed and placed into service in December 2000.⁷

⁵ See *Alliance Pipeline L.P.*, 80 FERC ¶ 61,149 (1997) (“Preliminary Determination on Non-Environmental Issues”); *Alliance Pipeline L.P.*, 84 FERC ¶ 61,239 (1998) (“Order Issuing Certificates, Granting Natural Gas Act Section 3 Authorization, and Granting and Denying Rehearing”).

⁶ *Alliance Pipeline L.P.*, 80 FERC ¶ 61,149 at 61,595.

⁷ All of the Alliance initial shippers agreed to pay negotiated rates for firm transportation under 15-year contracts. In addition, Alliance has been providing firm transportation at a negotiated rate for Pecan Pipeline (North Dakota), Inc. since February 1, 2010. On December 1, 2011 Alliance began offering park and loan and wheeling services within its ACE Hub in the Chicago market area at Commission-approved recourse rates. See letter order issued November 29, 2011 in Docket No. RP12-27-000.

The Alliance mainline authorized in the Commission's 1997 and 1998 orders commences at the United States-Canadian border near Sherwood, North Dakota, where it interconnects with an approximately 969 mile-long Canadian pipeline owned by an affiliate, Alliance Pipeline Limited Partnership. From the border, Alliance's pipeline runs through North Dakota, Minnesota and Iowa and terminates in Illinois near Chicago. Alliance operates seven compressor stations with a total of 207,000 horsepower, located in McHenry and Barnes Counties, North Dakota; Richland, Renville and Freeborn Counties, Minnesota; Delaware County, Iowa; and Whiteside County, Illinois. The Alliance pipeline is a high-pressure (1,935 psia) system that is capable of transporting high-Btu, rich natural gas. Until recently, the only receipt point on Alliance was at the U.S./Canada border interconnection with its upstream Canadian affiliate. On February 1, 2010, Alliance placed into service a second receipt point near Bantry, North Dakota at an interconnection with the Prairie Rose Pipeline.⁸

On January 25, 2012, Alliance filed an application with the Commission pursuant to Section 7(c) of the NGA, requesting a certificate of public convenience and necessity authorizing Alliance to construct, own, operate and maintain the Tioga Lateral, which will extend from the tailgate of a processing plant near Tioga, North Dakota, to an interconnection point on the Alliance mainline near Sherwood, North Dakota.⁹ Alliance stated in its January 25, 2012 Application that in addition to the Tioga-to-Sherwood pipeline, the Tioga Lateral project will require construction of additional facilities, including a compressor station containing three electric compressors, each rated at approximately 2,000 hp, for a combined total of approximately 6,000 hp.¹⁰ The selection of three electric compressors sized at 2,000hp was based on preliminary engineering and system planning design analysis to meet existing and projected firm service requirements on the Tioga Lateral. The September 20, 2012 Certificate

⁸ *Alliance Pipeline L.P.*, 125 FERC ¶ 61,109 (2008).

⁹ See Abbreviated Application For Certificate of Public Convenience and Necessity and Related Authorization filed on January 25, 2012, in Docket No. CP12-50-000 ("January 25, 2012 Application").

¹⁰ January 25, 2012 Application at 6.

Order granted authorization to Alliance to construct and operate the Tioga Project facilities, including the 6,000 hp compressor station containing three electric compressors, and approved the incremental recourse initial rates for service on the Tioga Lateral.

III. Authorization of Replacement Facilities

By this Application, Alliance requests that the Commission amend the authorization granted in the September 20, 2012 Certificate Order to approve the construction and operation of a compressor station containing three 2,650 hp electric compressor units, in lieu of the three 2,000 hp electric compressor units certificated by the Commission.¹¹ The three compressor units and proposed 7,950 hp would be placed in operation upon the in service date of the Tioga Lateral.

In its September 20, 2012 Certificate Order, the Commission found that the construction and operation of the Tioga Lateral is required by the public convenience and necessity. The proposed increase in the horsepower in the Tioga project will enhance the ability of shippers to use the Tioga Lateral to efficiently and economically move liquids-rich natural gas from the Bakken formation to the highly competitive market in the Chicago hub.

¹¹ Other pipelines have requested amendment of their certificates to alter the previously-certificated horsepower where, as here, the pipeline sought to increase its horsepower on compressor units and the previously-certificated units had not yet been installed. *See, e.g., Tres Palacios Gas Storage LLC*, 136 FERC ¶ 62,127 (2011) (request to substitute single 15,300 hp electric- centrifugal compressor for five previously-certificated but not yet installed 4,800 hp gas-fired compressors); *Transcontinental Gas Pipe Line Co., LLC*, 133 FERC ¶ 62,266 (2010) (request to increase horsepower authorized for each compressor, as long as total station horsepower does not exceed previously-certificated 10,000 hp); *Egan Hub Storage, LLC*, 116 FERC ¶ 62,042 (2006) (request to install two 13,330 hp gas turbine compressors in lieu of three 7,860 hp reciprocating compressors previously certificated); *Northwest Pipeline Corp.*, 103 FERC ¶ 61,147 (2003) (request to increase original certificated hp by 1,133 hp); *ANR Pipeline Co.*, 71 FERC ¶ 62,017 (1995) (request to install 5,700 hp of compression, rather than 5,400 hp originally certificated); *Northwest Pipeline Corp.*, 69 FERC ¶ 62,010 (1994) (request to upgrade compressor units from 4,000 hp to 6,350 hp). Although other applicants have sought abandonment authority to replace an existing, already-installed compressor unit with a different compressor unit, other applicants seeking such replacement have requested amendment of the certificate. *Compare, e.g., Trunkline Gas Co., LLC*, 115 FERC ¶ 61,119 (2006) (application to abandon existing 2,000 hp unit and for certificate of public convenience and necessity to construct new 7,000 hp electric compressor as its replacement) *with Midwestern Gas Transmission Co.*, 1 FERC ¶ 61,129 (1977) (request for amendment of certificate in order to install 3,260 hp compressor unit to replace originally-installed 2,710 hp compressor unit).

As part of the preparatory work conducted for the January 25, 2012 Application, preliminary engineering and system planning analysis utilizing hydraulic simulation modeling was carried out for the purpose of sizing the necessary compression station facilities. Subsequent to the filing of the January 25, 2012 Application, Alliance conducted detailed engineering design analysis for the compressor station facilities in order to refine the associated equipment specifications. This detailed engineering analysis revealed that larger electric motors than originally proposed would best meet the necessary gas flows over the full potential operating range. In addition, compressor frames and electric motors are readily available from vendors in discrete, standard sizes, and this was factored into the detailed engineering design analysis. Upon consideration of the frame sizes that were available, it was determined that 2,650 hp units would represent the optimal configuration and provide the greatest flexibility and reliability. In addition, Alliance concluded that the 2,650 hp units are the most cost effective approach to compression on the Tioga Lateral on a capital cost per hp basis¹² Finally, the larger electric motors would be installed on the same size skids and housed in the same compressor station building as was originally proposed, and would thus not require any additional land use for installation or operating purposes.

The installation of three 2,650 hp electric compressors would increase the design capacity of the proposed Tioga Lateral facilities from 106.5 MMcfd to 126.4 MMcfd.¹³ Alliance has executed a Firm Transportation Agreement with Hess Corporation for 61.5 MMcfd for ten years, commencing July 1, 2013. Alliance continues to pursue additional commitments for firm capacity on the Tioga Lateral and,

¹² From a variable cost standpoint, the cost of electricity to run the electric motors varies with the amount of gas flow. As a result, for a given gas flow, variable costs do not affect the overall cost calculation of capital cost increases.

¹³ Exhibits G through G-II attached to this application have been developed and reflect the capability of three 2,650 hp electric compressors instead of three 2,000 hp electric compressors as originally approved. Alliance has also incorporated in the attached Exhibits G through G-II the impact of engineering reassessments of downstream equipment limitations conducted after the January 25, 2012 Application was filed.

with continued oil and gas development activity in the Bakken area, it is expected that additional requests for firm service will be received once the facilities are in place and readily accessible. Consumers will not be at risk for paying for unsubscribed capacity. Under the incremental recourse rate approach approved by the Commission for the Tioga Lateral, billing determinants are set at design capacity and, accordingly, Alliance is at risk for any unsubscribed capacity.

IV. Revised Initial Rates

As Alliance stated in its January 25, 2012 Application, shippers using the Tioga Lateral and designating the Tioga receipt point will be assessed a surcharge for services as reflected in the *pro forma* tariff sheets included in Exhibit P to that Application. Alliance's existing mainline recourse rates will not increase or otherwise change when the Tioga Lateral goes into service. The cost of fuel on the Tioga Lateral will be incrementally priced and will only be charged to Tioga Lateral shippers. Accordingly, the surcharge proposal establishes incremental rates for transportation on the Tioga Lateral, and the requested certificate amendment does not propose to change the incrementally priced, surcharge approach approved by the Commission.

To reflect the use of the 2,650 hp electric compressor units, Alliance has revised the projected level of costs included in the cost of service underlying the incremental surcharges in the January 25, 2012 Application. The incremental capital expenditure related to the three larger electric compressors of approximately \$600,000 in aggregate is relatively minor in comparison to the current total project estimated cost of \$167.8 million. As well, there is no impact on expected operating costs as a result of using 2,650 hp electric compressor units.

The project cost of service underlying the initial rates for service on the Tioga Lateral has been revised to reflect current cost estimates for the overall project. In addition, adjustments were made to

the cost of service to comply with the September 20, 2012 Certificate Order. Specifically, a rate of return of equity of 12.99 percent was used in the calculation of the revised cost of service in place of the 14 percent that was initially proposed in the January 25, 2012 application, and the equity AFUDC calculation was revised to reflect the accounting treatment required by the September 20, 2012 Certificate Order.

The proposed revised recourse rate incremental surcharge for service on the Tioga Lateral is based on a revised estimated total plant of about \$167.8 million, as detailed in Exhibit K attached hereto, annual operating costs of about \$4.3 million, and an annual cost of service of \$31.6 million, as shown in Exhibit P. Alliance has designed Tioga Lateral incremental recourse rates using billing determinants of 126.4 MMcf/d, the design capacity of the lateral. Exhibit P contains revised *pro forma* Tariff Sheet No. 10, which reflects the proposed recourse rate incremental surcharges applicable to service on the Tioga Lateral. Alliance requests that these surcharges be approved as initial rates which Alliance will file 30-60 days before the Tioga Lateral in service date.

V. Evaluation of Application Pursuant to Certificate Policy Statement and Public Convenience and Necessity Standard

The Certificate Policy Statement established criteria for determining whether there is a need for a proposed project and whether the proposed project will serve the public interest.¹⁴ Under the Certificate Policy Statement, the threshold requirement is that the applicant must be prepared to support the project financially without relying on subsidization from existing customers. The Commission then determines whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on existing customers, competing companies or their existing customers, or landowners and communities affected by the new construction. If residual adverse effects on these

¹⁴ Certification of New Interstate Natural Gas Pipeline Facilities, 88 FERC ¶ 61,227, 61,745-46 (1999), as clarified, 90 FERC ¶ 61,128 (2000), as further clarified, 92 FERC ¶ 61,094 (2000).

groups are identified after efforts have been made to minimize them, the Commission evaluates a project by balancing the evidence of public benefits to be achieved against the residual adverse effects.

The instant Application is consistent with the criteria of the Certificate Policy Statement and required by the public convenience and necessity. The Commission found in its September 20, 2012 Certificate Order that the Tioga Lateral project provides the types of public benefits contemplated by the Policy Statement, including providing access to new supplies, generating lower costs to consumers, and establishing new interconnections that improve the interstate grid, and that these benefits outweigh the potential adverse effects in light of the mitigation measures proposed by Alliance. The proposed increase in horsepower does not alter or affect those determinations.

A. The Proposed Increase In Horsepower Also Meets the Threshold No-Subsidy Test.

The proposed increase in the horsepower of the three compressors to be used in the Tioga Project satisfies the economic threshold requirement for existing pipelines because it avoids subsidization by Alliance's existing customers and any adverse impact on their rates. In its September 20, 2012 order, the Commission approved an initial incremental recourse rate for service on the Tioga Lateral to recover the costs associated with the project, including the costs of the three 2,000 hp compressors.¹⁵ As previously discussed, Alliance has revised its costs to reflect the increased costs associated with the use of 2,650 hp electric compressor units, and has adjusted its incremental rates accordingly. The revised rate also reflects the increased design capacity. Consequently, the Tioga Lateral is financially viable without any adverse effects on, or subsidies from, Alliance's existing customers.

¹⁵ Alliance reserves the right to seek rolled in treatment of the Tioga Lateral costs in a future recourse rate proceeding.

B. The Proposed Increase in Horsepower Will Have No Adverse Effects on Existing Customers or on Existing Pipelines and Their Captive Customers.

The Certificate Policy Statement requires an identification of potential adverse effects on existing customers, other pipelines in the market and their captive customers, or landowners and communities affected by the new construction, to determine whether the applicant has made efforts to eliminate or minimize those adverse effects.¹⁶ If residual adverse effects on these groups are identified after efforts have been made to minimize them, the Commission will “evaluate the project by balancing the evidence of public benefits to be achieved against the residual adverse effects.”¹⁷

The proposed increase in horsepower in the compressors used in the Tioga Lateral will have no adverse effects on Alliance’s existing customers or existing pipelines in the market and their existing customers. The September 20, 2012 Certificate Order has already found that (1) the impact of the Tioga Project on shippers will be entirely positive, because it will provide an additional receipt point near Tioga, North Dakota; and (2) the project will have no adverse effects on existing pipelines, because Alliance is the only pipeline in the area capable of transporting rich, high-Btu natural gas produced from the Bakken shale formation. The proposed increase in horsepower will not affect those conclusions.

C. Alliance Has Minimized the Potential for Impacts on Landowners and Communities Affected by the Increase in Horsepower.

The Commission has recognized that every pipeline construction project will cause some short-term impacts to landowners.¹⁸ As demonstrated in Section V herein, the proposed increase in

¹⁶ Certificate Policy Statement, 88 FERC at 61,745.

¹⁷ *Id.*

¹⁸ *Id.* at 61,747-78.

horsepower will have little, if any, effect on landowners and communities affected by the project.¹⁹

The compressor units with the increased horsepower will be installed in precisely the same location as the compressors certificated by the Commission. No additional property or right-of-way will be required.

D. The Benefits Associated with the Proposed Increase in Horsepower Outweigh Any Adverse Effects and Therefore the Project is Required by the Public Convenience and Necessity.

When determining whether a proposal is consistent with the public convenience and necessity, the Commission balances the public benefits to be achieved by the proposed use of 2,650 hp electric compressor units against the residual adverse effects of the proposed project on the relevant interests discussed above. Alliance submits that any adverse impacts, which are predominately temporary in nature, are outweighed by the significant public benefits of the increased compression capability on the Tioga Lateral.

The installation of the three 2,650 hp electric compressor units will give Alliance greater flexibility in satisfying its customers' needs and the ability to provide firm service on a more cost-effective basis. These benefits outweigh any minimal incremental adverse impacts that the proposed additional horsepower might have. Accordingly, the proposed use of three 2,650 hp electric compressor units meets the standards of the Commission's *Policy Statement* and is required by the public convenience and necessity.

**V.
Environmental Impacts**

With the exception of noise impacts (discussed below), the proposed change in hp rating for the three electric compressors will not result in additional impacts on environmental resources, beyond

¹⁹ In accordance with Section 157.6(d) of the Commission's regulation, 18 C.F.R. § 157.6(d), within three business days following the Commission's notice of the filing of this Application, Alliance will provide written notification of the instant Application to all affected landowners, as defined in 18 C.F.R. § 157.6(d)(2).

those described in Alliance’s January 25, 2012 Application and subsequent supplemental information filings for the certificated facilities. The change will not affect the layout or land requirements at the compressor station, not result in additional land clearing or ground disturbance, and not affect sensitive environmental or cultural resources. Further, the change in the size of the electric compressors will not result in an increase in Alliance’s estimate of air emissions due to operations of the compressor units; the estimate of operating emissions for the compressor station are identical to the estimate provided by Alliance in supplemental filings and used by the Commission in the Environmental Assessment for the Tioga Lateral Project.

The change in hp rating of the three electric compressors will result in a marginal increase in noise impacts at noise sensitive areas (NSAs) located within a 1 mile radius of the compressor station site. Revised estimates for noise impacts at the NSAs are provided in the table below. The estimates include expected noise from operation of the compressor units as well as the meter station and adjacent non-jurisdictional liquid meter/pump station as described in Alliance’s January 25, 2012 Application and subsequent supplemental information filings for the Tioga Lateral Project. The predicted noise levels of the higher rated electric compressors are generally unchanged, and fall below the day-night sound level of 55 dBA as required by the Commission for new compressor facilities.

Combined Noise Quality Analysis for the Compressor/Meter Station and Non-Jurisdictional Liquid Meter/Pump Station						
Noise Sensitive Areas (NSAs)	Distance and Direction of NSA	Measured Ambient L _{eq} (dBA)	Calculated Ambient L _{dn} (via measured L _{eq}) (dBA)	Estimated L _{dn} of Station (dBA)	Station L _{dn} Plus Ambient L _{dn} (dBA)	Potential Increase Above Ambient (dB)
NSA 1 (House)	2,415 feet NE	42.5	48.9	50.4	52.7	+3.8
NSA 2 (House)	5,140 feet NE	42.5	48.9	43.8	50.1	+1.2
NSA 2 (House)	5,190 feet NE	42.5	48.9	43.8	50.1	+1.2
Acronyms: dB decibels dBA decibels of the A-weighted scale L _{eq} equivalent sound level L _{dn} day-night equivalent sound level						

VI.

Request For Shortened Procedure, Expedited Consideration, and Waivers

Alliance requests that this application be processed pursuant to the shortened procedures set forth in Rules 801 and 802 of the Commission's Rules of Practice and Procedure, and that the Commission omit the intermediate decision procedure. Alliance waives oral hearing and the opportunity for filing exception to the decision of the Commission. As provided in Rules 801 and 802, Alliance reserves the right to seek rehearing of the Commission's decision in this proceeding.

In order to allow for the completion of construction by its target in-service date of July 1, 2013, Alliance respectfully requests the Commission to issue an order granting the requested amendment of its Certificate by February 1, 2013.

In addition, Alliance requests that the Commission waive its filing requirements as to certain exhibits required by Section 157.13 of its regulations (18 C.F.R. § 157.13). Section 157.7 of the regulations permits the omission of certain information from an application when such information is not necessary to disclose fully the nature and extent of the proposed activity. *Id.* § 157.7. Most of the exhibits filed with Alliance's January 25, 2012 Application are not affected by the proposed increase in horsepower.²⁰ Accordingly, Alliance requests that the Commission waive its filing requirements as to the exhibits set forth in Section 157.13, with the exception of, Exhibit C (Company Officials), Exhibit F (Location of Facilities), Exhibit G (Flow Diagrams Showing Daily Design Capacity and Reflecting

²⁰ Specifically, the exhibits unaffected (and unchanged) by the proposed increase in horsepower are: Exhibit A (Articles of Incorporation); Exhibit B (State Authorization); Exhibit D (Subsidiaries and Affiliates); Exhibit E (Other Pending Applications and Filings); Exhibit H (Total Gas Supply Data); Exhibit I (Market Data); Exhibit J (Federal Authorizations); Exhibit L (Financing); Exhibit M (Construction, Operation, and Management); Exhibit N (Revenues – Expenses – Income); and Exhibit O (Depreciation and Depletion). Exhibit F-1 (Environmental Report) is omitted because all of the pertinent information is contained in Section V of this Application.

Operation With and Without Proposed Facilities Added), Exhibit K (Cost of Facilities), and Exhibit P (Tariff), which are attached hereto.

VII. Form of Notice

In accordance with Section 157.6(b)(7) of the Commission's regulations, Alliance has included herein a Form of Notice of this Application suitable for publication in the *Federal Register*.

VIII. List of Exhibits

Alliance has filed this Application pursuant to Section 157.7 of the Commission's regulations. The table of exhibits below sets forth the exhibits and documents included herein in accordance with the Commission's regulations. Alliance has also provided reasons for the omission of certain information.

<u>Exhibit A</u>	<u>Articles of Incorporation</u> Omitted. A waiver is requested, to the extent necessary, because the information called for by this exhibit was included in Exhibit A to Alliance's January 25, 2012 Application, and that information is unchanged and unaffected by the increase in certificated horsepower requested herein.
<u>Exhibit B</u>	<u>State Authorization</u> Omitted. Alliance Pipeline L.P., a Delaware limited partnership, is authorized to conduct business as a foreign limited partnership in the States of North Dakota, Minnesota, Iowa, and Illinois. A waiver of copies of the State authorizations is requested, to the extent necessary, because copies of those authorizations were included in Exhibit B to Alliance's January 25, 2012 Application, and those authorizations are unchanged and unaffected by the increase in certificated horsepower requested herein.
<u>Exhibit C</u>	<u>Company Officials</u> Attached as Exhibit C is a listing of the current Directors and Officers of Alliance Pipeline Inc., Managing General Partner of Alliance Pipeline L.P.
<u>Exhibit D</u>	<u>Subsidiaries and Affiliates</u> Omitted. A waiver is requested, to the extent necessary, because the

information called for by this exhibit was included in Exhibit D to Alliance's January 25, 2012 Application, and that information remains unchanged and unaffected by the increase in certificated horsepower requested herein.

Exhibit E

Other Pending Applications and Filings

Alliance is not aware of any other applications pending before the Commission that directly and significantly affect the instant Application.

Exhibit F

Location of Facilities

Attached as Exhibit F is a geographical map reflecting the location of Alliance's current facilities and the proposed Tioga Lateral facilities.

Exhibit F-1

Environmental Report

Omitted. Supplemental information relating to the installation of three 2,650 hp electric compressor units, rather than three 2,000 hp electric compressor units is contained in Section V of the Application.

Exhibit G

Flow Diagram Showing Daily Design Capacity and Reflecting Operations With and Without Proposed Facilities Added

Attached as Exhibit G is an explanation of the exhibit and two flow diagrams showing daily design capacity. One diagram reflects operating conditions with only existing facilities and the second diagram reflects operating conditions upon completed construction of the Tioga Lateral.

Exhibit G-I

Flow Diagrams Reflecting Maximum Capabilities

Attached as Exhibit G-I is an explanation of the exhibit and a flow diagram reflecting the maximum capability. One diagram reflects operating conditions with only existing facilities and the second diagram reflects operating conditions upon completed construction of the Tioga Lateral.

Exhibit G-II

Flow Diagram Data

Attached as Exhibit G-II is a statement of engineering design data in support of the flow diagrams submitted as part of Exhibit G.

Exhibit H

Total Gas Supply Data

Omitted. Alliance will provide only open-access, transportation-related services.

Exhibit I

Market Data

Omitted. A waiver is requested, to the extent necessary, because market data was included as Exhibit I to Alliance's January 25, 2012 Application, and that data is unchanged by the increase in certificated

horsepower requested herein.

Exhibit J

Other Federal Authorizations

Omitted. A waiver is requested, to the extent necessary, because the information called for by this exhibit was included as Exhibit J to Alliance's January 25, 2012 Application, and that information is unchanged by the increase in certificated horsepower requested herein.

Exhibit K

Cost of Facilities

Attached as Exhibit K is a detailed estimate of the total capital costs of the proposed facilities, which has been revised to reflect the additional horsepower requested herein, and the use of current Tioga Lateral project cost estimates.

Exhibit L

Financing

Omitted. Alliance will finance the cost of constructing the proposed facilities through funds on hand and/or borrowings under short-term financing arrangements.

Exhibit M

Construction, Operation and Management

Omitted. Alliance will construct or cause the proposed facilities to be constructed, and will manage and operate the proposed facilities.

Exhibit N

Revenues, Expenses and Income

Omitted. This information is contained in Exhibit P.

Exhibit O

Depreciation and Depletion

Omitted. A waiver is requested, to the extent necessary, because the information called for by this exhibit was set forth in Exhibit O to Alliance's January 25, 2012 Application, and that information is unchanged and unaffected by the increase in certificated horsepower requested herein.

Exhibit P

Rates and Tariff

Attached as Exhibit P are the cost of service and rate calculations. Also attached is a revised *pro forma* Tariff Sheet No. 10 necessary to effectuate service on the proposed facilities from the new Tioga North Dakota receipt point. The cost of service and the resulting rates reflect the estimated increase in costs resulting from the use of 7,950 horsepower, rather than the 6,000 horsepower certificated by the Commission, the use of current Tioga Lateral project cost estimates, and the increased design capacity of 126.4 MMcfd. Alliance will file the complete set of proposed *pro forma* tariff sheets, pursuant to Part 154 of the Commission's Regulations, following issuance of the certificate and authorizations requested herein and prior to the in-service date of the proposed facilities.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Alliance Pipeline L.P.

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Docket No. CP12-50 - 000

NOTICE OF
APPLICATION FOR AMENDMENT OF CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY

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Take notice that on November 26, 2012, Alliance Pipeline L.P. filed with the Federal Energy Regulatory Commission an application under Section 7 of the Natural Gas Act to amend its certificate authorization by increasing its certificated horsepower ("hp") on the Tioga Lateral from 6,000 hp (three 2,000 hp electric compressor units) to 7,950 hp (three 2,650 hp electric compressor units). Any questions regarding this Application should be directed to the following:

Name: Brian Troicuk
Title: Manager, Regulatory Affairs
Alliance Pipeline Ltd.
on behalf of Alliance Pipeline Inc.
Managing General Partner of
Alliance Pipeline L.P.
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Email: brian.troicuk@alliancepipeline.com

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online

service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659

Comment Date: 5:00 pm Eastern Time on [insert date].

Kimberly D. Bose

Secretary

ALLIANCE PIPELINE L.P.

Docket Nos. CP12-50-_____ and CP-13-_____

EXHIBIT C

Company Officials

**ALLIANCE PIPELINE INC.
LIST OF DIRECTORS**

November 26, 2012

	Address
Ronald J. Brintnell	Enbridge Inc. 3000, 425 – 1 st Street S.W., Calgary, Alberta T2P 3L8
Douglas V. Krenz	Enbridge Inc. Suite 3300, 1100 Louisiana, Houston, Texas 77002
Leon A. Zupan	Enbridge Inc. 3000, 425 – 1 st Street S.W., Calgary, Alberta T2P 3L8
John K. Whelen	Enbridge Inc., 3000, 425 – 1 st Street S.W. Calgary, Alberta T2P 3L8
David I. Holm	Veresen Inc. 900 Livingston Place, 222 – 3rd Avenue S.W., Calgary, Alberta T2P 0B4
Vern A. Wadey	Veresen Inc. 900 Livingston Place, 222 – 3rd Avenue S.W., Calgary, Alberta T2P 0B4
Richard G. Weech	Veresen Inc. 900 Livingston Place, 222 – 3rd Avenue S.W., Calgary, Alberta T2P 0B4
Stephen H. White	Veresen Inc. 900 Livingston Place, 222 – 3rd Avenue S.W., Calgary, Alberta T2P 0B4

**ALLIANCE PIPELINE INC.
LIST OF OFFICERS**

November 26, 2012

Officers	Office Held
Terrance Kutryk	President & CEO
Debra L. Corroll	Vice President, HR and Corporate Services
Harold Kraft	Vice President, Engineering & Construction
Michael L. McGonagill	Senior Vice President and COO
Keith M. Palmer	Senior Vice President and CFO
Anthony Straquadine, Jr.	Manager, Government Affairs
Michael A. Rannelli	Vice President, Information Services
James P. Walsh	VP System Optimization & Effectiveness
Susan J. Wright	VP Law, General Counsel and Corporate Secretary

Head Office:

Alliance Pipeline Inc.
6385 Old Shady Oak Road
Suite 150
Eden Prairie, MN
USA 55344

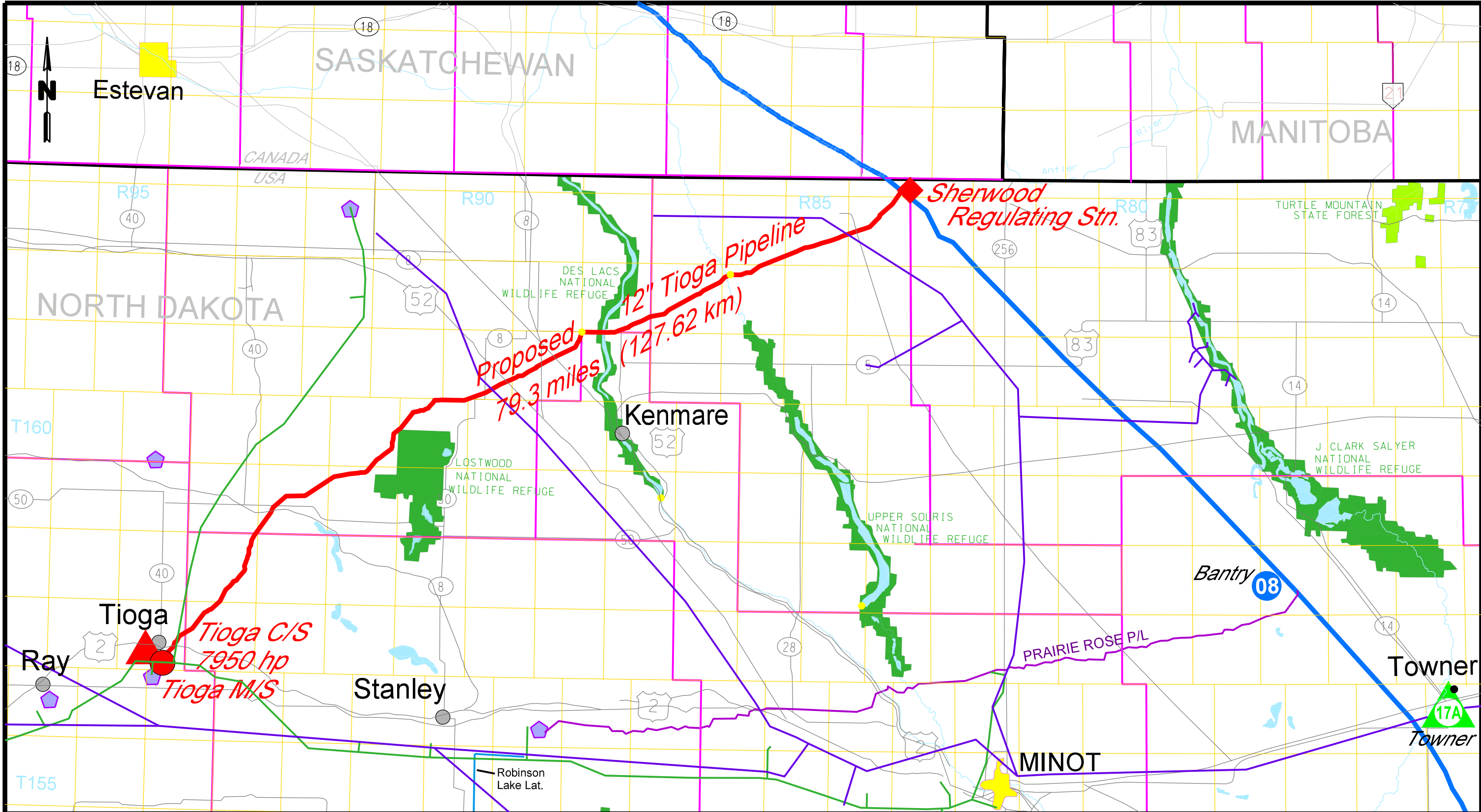
800, 605 – 5th Avenue S.W.
Calgary, Alberta
T2P 3H5


ALLIANCE PIPELINE L.P.

Docket Nos. CP12-50-_____ and CP13-_____

EXHIBIT F

Location of Facilities

















ALLIANCE
pipeline

**NORTH DAKOTA
PROPOSAL PRESENTATION
MAP - TIOGA LATERAL**

Drawing No.: 20111171C

Drawn: LN Date: 11-06-20 Rev. 4
12-11-26

- | | |
|---|--|
|  Alliance Pipeline |  Receipt Meter Station |
|  Prairie Rose Pipeline |  Alliance Comp. Station |
|  Robinson Lake Lateral |  Plant Location |
|  Williston Basin Interstate |  Proposed Compressor Station |
|  Enbridge Pipeline |  Proposed Receipt Meter Station |
|  Proposed Route as provided by Alliance Wood Group |  Proposed Regulating Station |

Alliance Pipeline L.P.

Docket Nos. CP12-50-____ and CP13-_____

Exhibit G, G-I, G-II

This information is not publically available and is filed under separate cover in:

Volume II – Critical Energy Infrastructure Information (CEII)

Contains Critical Energy Infrastructure Information (CEII) – Do Not Release

Procedures for obtaining access to Critical Energy Infrastructure Information (CEII) may be found at 18 CFR 388.13. Requests for access to CEII should be made to the Commission's CEII Coordinator.

ALLIANCE PIPELINE L.P.

Docket Nos. CP12-50-____ and CP13-_____

EXHIBIT K

Cost of facilities

Cost of Facilities

Name: Alliance Pipeline LP
Docket No.:
Project: Tioga Lateral
Project Year:

Description

Tioga Lateral Project	TOTAL
DBM/FEED	2,140,000
Land	6,287,000
Detail Engineering	13,826,000
Procurement	42,153,000
Construction	76,567,000
Commissioning	725,000
Insurance & Performance Bonds	1,717,000
Subtotal	143,415,000
Contingency	16,087,000
AFUDC	8,334,000
PROJECT TOTAL	167,836,000

All figures in \$

Cost of Facilities

Name: Alliance Pipeline LP
Docket No.:
Project: Tioga Lateral
Project Year:

Description

Tioga Lateral Project	Pipeline	Compressor St.	Meter St.	Regulating St.	TOTAL
DBM/FEED	1,593,000	547,000	-	-	2,140,000
Land	5,100,000	1,112,000	-	75,000	6,287,000
Detail Engineering	9,265,000	3,134,000	275,000	1,152,000	13,826,000
Procurement	25,297,000	12,101,000	1,069,000	3,686,000	42,153,000
Construction	62,208,000	8,100,000	358,000	5,901,000	76,567,000
Commissioning	413,000	259,000	25,000	28,000	725,000
Insurance & Performance Bonds	1,413,000	197,000	9,000	98,000	1,717,000
Subtotal	105,289,000	25,450,000	1,736,000	10,940,000	143,415,000
Contingency	11,374,000	3,208,000	254,000	1,251,000	16,087,000
AFUDC (1)	6,096,000	1,497,000	104,000	637,000	8,334,000
PROJECT TOTAL	122,759,000	30,155,000	2,094,000	12,828,000	167,836,000

All figures in \$

Note (1)

The AFUDC calculation is in conformance with the Commission's rules and regulations and pursuant to and consistent with the AFUDC policy conditions.

ALLIANCE PIPELINE L.P.

Docket Nos. CP12-50-_____ and CP13-_____

EXHIBIT P

Tariff

Alliance Pipeline, LP

Tioga Lateral

Explanatory Notes

Rate Derivation

As shown on Schedule 2 herein, the rate for firm service on the Tioga Lateral Project is an incremental 100% reservation rate, based on the incremental cost of service developed on Schedules 2 through 7 of this Exhibit.

The lateral's design capacity of 126,400 mcf/d with a Btu factor of 1.095 has been used as the volume determinant to develop the incremental rate.

A portion of the existing system costs have been assigned to this rate using the Kansas-Nebraska Method to allocate the indirect system costs.

Cost of Service

The rate of return on equity used to calculate the cost of service is 12.99%.

Alliance Pipeline proposes to use an annual depreciation rate of 4.0% as described in Exhibit O.

The capital cost used to calculate the cost of service is \$167,836,000, as detailed in Exhibit K.

All costs expressed in \$'s.

Alliance Pipeline, LP
Tioga Lateral
Cost of Service and Rate Design

	(1)	(2)	(3)	(4)
<u>Line No.</u>	<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1	Operation and Maintenance Expense	4,313,486	4,421,323	4,531,856
2	Depreciation Expense	6,713,440	6,713,440	6,713,440
3	Taxes Other than Income	1,224,803	1,178,044	1,126,723
4	Federal Income Tax	3,808,739	3,604,514	3,375,008
5	State Income Tax	587,634	556,125	520,716
6	Return	14,943,661	14,142,381	13,241,909
7	Total Cost of Service	31,591,763	30,615,828	29,509,653
8	Firm Service Rate:			
9	Capacity (mcf/d)	126,400		
10	Btu Factor	1.095		
11	Daily Design Determinant (Dth/d)	138,408		
	FT-1 Tioga Lateral Incremental			
12	Reservation Charge (\$/Dth/Month)	19.0209		
	FT-1 Tioga Lateral Incremental AOS			
13	Charge (\$/Dth)	0.6253		
14	Variable Electric Compression Costs	1,460,000		
15	Deliveries (mcf/d)	61,500		
16	Annual Deliveries (Dth/d)	24,580,013		
	FT-1 Tioga Lateral Incremental Usage Charge			
17	(\$/Dth)	0.0594		
	IT-1 Tioga Lateral Incremental Usage Charge			
18	(\$/Dth)	0.6847		

Alliance Pipeline, LP
Tioga Lateral
Operation and Maintenance Expense

	(1)	(2)	(3)	(4)
<u>Line No.</u>	<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1	Direct Operation & Maintenance Expenses			
2	Labor	168,000	172,200	176,505
3	Material & Other	493,675	506,017	518,667
4	Fixed Electric Compression Costs	610,000	625,250	640,881
5	Total Direct O&M	1,271,675	1,303,467	1,336,054
6	Indirect Operation & Maintenance Expense	3,041,811	3,117,856	3,195,803
7	Total Operation & Maintenance Expenses	4,313,486	4,421,323	4,531,856

Alliance Pipeline, LP
Tioga Lateral
Depreciation Expense and Other Taxes

	(1)	(2)	(3)	(4)
<u>Line No.</u>	<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1	Depreciation Expense:			
2	Depreciable Plant	167,836,000	167,836,000	167,836,000
3	Depreciation Rate	4.00%	4.00%	4.00%
4	Depreciation Expense	6,713,440	6,713,440	6,713,440
5	Taxes Other than Income: Property Tax	1,224,803	1,178,044	1,126,723

Alliance Pipeline, LP
Tioga Lateral
Rate Base and Return

	(1)	(2)	(3)	(4)
<u>Line No.</u>	<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1	Rate Base:			
2	Gross Plant in Service	167,836,000	167,836,000	167,836,000
3	Ave. Accum. Depreciation	(3,356,720)	(10,070,160)	(16,783,600)
4	Net Plant	164,479,280	157,765,840	151,052,400
5	Working Capital	@ 1.40% 2,349,704	2,349,704	2,349,704
6	Ave. Accum. Deferred Income Taxes	(399,972)	(2,610,465)	(5,925,665)
7	Total Rate Base	166,429,012	157,505,079	147,476,439
8	Return	@ 8.98% 14,943,661	14,142,381	13,241,909

Alliance Pipeline, LP
Tioga Lateral
Federal and State Income Taxes

<u>Line No.</u>	<u>(1)</u> <u>Description</u>		<u>(2)</u> <u>Year 1</u>	<u>(3)</u> <u>Year 2</u>	<u>(4)</u> <u>Year 3</u>
1	Return		14,943,661	14,142,381	13,241,909
2	Less: Interest		(8,457,922)	(8,004,408)	(7,494,753)
3	Return After Tax		6,485,739	6,137,973	5,747,157
4	Tax Gross Up (167.8%)		10,882,112	10,298,612	9,642,881
5	Federal Income Tax	@ 35.00%	3,808,739	3,604,514	3,375,008
6	State Income Tax	@ 5.40%	587,634	556,125	520,716
7	Total Income Tax		<u>4,396,373</u>	<u>4,160,639</u>	<u>3,895,724</u>

Alliance Pipeline, LP
Tioga Lateral
Rate of Return

<u>Line</u> <u>No.</u>	(1) <u>Description</u>	(2) <u>Capitalization</u> <u>Ratios</u>	(3) <u>Component Cost</u>	(4) <u>Weighted Average</u>
1	Long-Term Debt	70.00%	7.26%	5.08%
2	Equity	<u>30.00%</u>	12.99%	<u>3.90%</u>
3	Total	100.00%		8.98%
4	Rate of Return	8.98%		

Statement of Recourse Rates 1/ 2/ 3/ 4/

Rate Schedule FT-1 Recourse Rates:

	Maximum	Minimum	
Reservation Charge	\$16.0705	\$ 0.0000	\$ per Dth / Month
Usage Charge	\$ 0.0000	\$ 0.0000	\$ per Dth
AOS Charge	\$ 0.5283	\$ 0.0000	\$ per Dth
Tioga Lateral Incremental Reservation Charge	\$19.0209	\$0.0000	\$ per Dth / Month
Tioga Lateral Incremental Usage Charge	\$ 0.0594	\$0.0000	\$ per Dth
Tioga Lateral Incremental AOS Charge	\$0.6253	\$0.0000	\$ per Dth

Rate Schedule IT-1 Recourse Rates:

	Maximum	Minimum	
Usage Charge	\$ 0.5283	\$ 0.0000	\$ per Dth
Tioga Lateral Incremental Usage Charge	\$ 0.6847	\$0.0000	\$ per Dth

-
- 1/ An ACA Unit Charge of \$0.0018 per Dth , calculated in accordance with Section 30 of the GTC of Transporter's Tariff, shall be added to each rate set forth on Sheet No. 10.
 - 2/ For invoicing purposes, the rates and surcharges set forth above (including the ACA Unit Charge) will be applied, as appropriate, to a) Shipper's Contracted Capacity as stated in the Firm Transportation Agreement and b) volumes of gas received by Transporter from Shipper for Transportation, after such Contracted Capacity and volumes of Gas received are converted to Dekatherms utilizing a Thermal Conversion Factor equal to 1.095 Dth per Mcf.
 - 3/ Shippers under Rate Schedules FT-1 and IT-1 shall also provide Fuel in accordance with Section 14 of the GTC.
 - 4/ The Recourse rates for FT-1 transportation service originating on the Tioga Lateral consist of the aggregate of the applicable Tioga Lateral incremental charge and the corresponding charge set forth immediately above such incremental charges.

Statement of Recourse Rates 1/ 2/ 3/ 4/

Rate Schedule FT-1 Recourse Rates:

	Maximum	Minimum	
Reservation Charge	\$16.0705	\$ 0.0000	\$ per Dth / Month
Usage Charge	\$ 0.0000	\$ 0.0000	\$ per Dth
AOS Charge	\$ 0.5283	\$ 0.0000	\$ per Dth
Tioga Lateral Incremental Reservation Charge Month	\$20.1533 19.0209	\$0.0000	\$ per Dth /
Tioga Lateral Incremental Usage Charge	\$ 0.0594	\$0.0000	\$ per Dth
Tioga Lateral Incremental AOS Charge	\$0. 6626 6253	\$0.0000	\$ per Dth

Rate Schedule IT-1 Recourse Rates:

	Maximum	Minimum	
Usage Charge	\$ 0.5283	\$ 0.0000	\$ per Dth
Tioga Lateral Incremental Usage Charge	\$ 0. 7220 6847	\$0.0000	\$ per Dth

-
- 1/ An ACA Unit Charge of \$0.0018 per Dth , calculated in accordance with Section 30 of the GTC of Transporter's Tariff, shall be added to each rate set forth on Sheet No. 10.
 - 2/ For invoicing purposes, the rates and surcharges set forth above (including the ACA Unit Charge) will be applied, as appropriate, to a) Shipper's Contracted Capacity as stated in the Firm Transportation Agreement and b) volumes of gas received by Transporter from Shipper for Transportation, after such Contracted Capacity and volumes of Gas received are converted to Dekatherms utilizing a Thermal Conversion Factor equal to 1.095 Dth per Mcf.
 - 3/ Shippers under Rate Schedules FT-1 and IT-1 shall also provide Fuel in accordance with Section 14 of the GTC.
 - 4/ The Recourse rates for FT-1 transportation service originating on the Tioga Lateral consist of the aggregate of the applicable Tioga Lateral incremental charge and the corresponding charge set forth immediately above such incremental charges.