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July 14, 2008

VIA EMAIL & COURIER

Ontario Energy Board
2300 Yonge Street
Toronto, Ontario

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Enbridge Gas Distribution Inc. ("Enbridge") – Ladysmith Pipeline
Board File No.: EB-2007-0890
Response to Mr. Henderson

Enbridge and the Ontario Energy Board (the "Board")¹ recently received a letter dated June 20, 2008 from Mr. Henderson in respect of the Ladysmith Loop Pipeline that received leave to construct from the Board on March 28, 2008.² While the Board has already made a decision in this proceeding, Enbridge felt it necessary to respond to the issues raised by Mr. Henderson.

Mr. Henderson was not a landowner or tenant impacted directly by the Ladysmith Pipeline Project. We are not aware of what information, if any, the directly impacted landowners would have shared with Mr. Henderson.

Background

Enbridge applied to the Board for leave to construct approximately 4.5km of NPS 20 steel pipeline in November 2007. Included in the Application was the environmental report (the "ER") by Stantec Consulting Ltd., an independent environmental consultant, that was completed in November 2007. Also included in the ER was an environmental report from 1993 and archaeological assessments of the route. Mr. Henderson did not seek to participate in the Board's consideration of this Application.

¹ The letter was addressed to Ms. Zora Crnojacki of the Ontario Energy Board.

² The Decision with Reasons included the Ladysmith Loop (EB-2007-0890), the Vector Tie-In (EB-2007-0889) and the Sombra Line Extension (EB-2007-0888).

Specific Issues of Mr. Henderson

(a) Route Selection

The route selection evolved through the course of planning the project, consultation with landowners through the environmental study phase and the negotiations with the landowners. Exhibit B, Tab 2, Schedule 3, section 5.5 of the ER provides a summary of the evolution of the pipeline route.

The originally Preferred Route was approximately 300 metres east of a north/south Hydro One electric transmission line and easement. This route would also have avoided the need to impact a woodlot. However, it became clear during negotiations with the impacted landowners that this route was not preferred by the landowners.

Much of the landowner resistance to the originally Preferred Route, which Enbridge had proposed, was based upon the landowner's preference that the pipeline follow the same route as a pipeline proposed but not built in the early 1900's. Enbridge's final route selection was determined in consultation with the impacted landowners and is clear demonstration that the consultation process worked in this proceeding.

While the selected route does go through the east edge of a wood lot, it was the preferred option of the landowners and acceptable to the permitting agencies. Enbridge consulted with the municipality regarding the clearing of the brush and trees that would be required for the construction of the pipeline. The County of Lambton did not object to the tree cutting because of the small amount and poorer quality vegetation along this part of the route. Enbridge did submit an application for a tree cutting permit which was granted by the County of Lambton.

(b) Proximity to Utilities and Other Facilities

Mr. Henderson is concerned that the proposed pipeline will be in close proximity to other gas and electrical utilities and buildings. The safe design, construction and operation of Enbridge facilities are of paramount importance to Enbridge. Enbridge is aware of the location of these facilities and has taken that into consideration in designing the pipeline.

As mentioned above, Enbridge was not successful in negotiating for all of the required easements with the affected landowners along its originally Preferred Route.

Mr. Henderson was not involved in those discussions as the routes did not impact his property. The selected route was arrived at in consultation with the impacted landowners and the various permitting agencies. The proposed facilities are designed to meet or exceed all applicable requirements.

(c) Easement

Mr. Henderson is incorrect that Enbridge suggested the easement that had been negotiated in the 1990s could not be amended to permit this pipeline to be installed. Enbridge did consider amending the 1990's easement and discussed the possibility with some of the landowners. However, not all of the impacted landowners were subject to the 1990s easement. The landowners and Enbridge wanted both the form of agreement and compensation to be fair and consistent for the entire project which was better achieved through the use of a new easement agreement.

Furthermore, the selected pipeline route runs parallel to, but not in, an easement area that Enbridge had arranged in the early 1990's. Therefore, additional new easements would have been required in any event. The need for the new easements and desire for consistency and fairness, as mentioned above, led to the landowners and Enbridge agreeing to use a new easement agreement.

The ability to amend an easement will depend upon a number factors including: (i) the provisions of the easement agreement; (ii) the nature of the project being contemplated; and (iii) the wishes of the parties to the agreement. To provide the definitive legal advice sought by Mr. Henderson is not possible in the abstract nor can Enbridge comment upon the practices of third parties in such circumstances.

(d) Crop Compensation – Winter Wheat

During the negotiations, it was apparent to Enbridge and the landowners that there was a potential for crop losses. Winter wheat is normally harvested in the area in mid to late July which was around the time for the proposed construction. As noted in the construction schedule filed with the Application, Exhibit C, Tab 2, Schedule 1, construction was scheduled to begin around June and proceed through the summer. Therefore, based upon proposed construction schedule it was likely construction would occur prior to harvesting.

As the Board may know, the winter wheat was planted in the fall of 2007, prior to Enbridge filing the Application with the Board. It is likely that some landowners hoped construction would not occur prior to the harvesting of the winter wheat. However, the anticipated crop losses, including winter wheat, were factored into the compensation payments with the landowners.

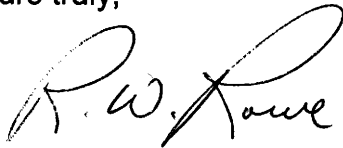
The planning and timing of such a project is impacted by a number of factors. Material and contractor availability, weather and permitting are just some of the factors that can impact project timing. The construction of the project has just commenced. However, as a result of the cooler June weather, the winter wheat crop has not been harvested and there will be crop loss as a result of the construction. Enbridge committed to

compensation for crop losses and the landowners either have received, or will receive, compensation for such losses.

Summary

Enbridge has had a number of discussions with Mr. Henderson, and other landowners, to explain the many regulations and codes with which it has to comply in conducting both its construction and storage operations. Further, all impacted landowners are provided the opportunity to have input on a project during the environmental review of the project, negotiation of any easement agreements or during the Board's consideration of the application. While the regulatory framework may seem daunting, it has been put in place to protect the environment, ensure the safety of the public and workers and provide for the fair treatment of potentially impacted parties.

Yours truly,

A handwritten signature in black ink, appearing to read "R.W. Rowe". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

R.W. Rowe
Mgr. Upstream Regulation

cc: Z. Crnojacki
S. Stoll
P. Druet
D. Henderson
T. Chupa