



SOUTHERN LIGHTS PROJECT
APPLICATIONS BY ENBRIDGE SOUTHERN LIGHTS GP INC.,
ON BEHALF OF ENBRIDGE SOUTHERN LIGHTS LP, AND ENBRIDGE PIPELINES INC.
VOLUME I



PREPARED BY:
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FEBRUARY 2007



NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act* (“*NEB Act*”), being c. N-7 of the Revised Statutes of Canada 1985, as amended, and the Regulations made thereunder

AND IN THE MATTER OF Applications by Enbridge Pipelines Inc. and Enbridge Southern Lights GP Inc., on behalf of Enbridge Southern Lights LP, respecting the Line 13 Transfer

TO: Michel L. Mantha, Secretary
National Energy Board
Calgary, Alberta

APPLICATIONS BY ENBRIDGE SOUTHERN LIGHTS GP INC., ON BEHALF OF ENBRIDGE SOUTHERN LIGHTS LP. AND ENBRIDGE PIPELINES INC., RESPECTING THE LINE 13 TRANSFER

THE APPLICANTS

1. Enbridge Pipelines Inc. (“EPI”) is a body corporate, incorporated under the *Canada Business Corporations Act* (“*CBCA*”) being c. C-44 of the Revised Statutes of Canada 1985, as amended. EPI is a “company” within the meaning of the *NEB Act*.
2. Enbridge Southern Lights General Partner Inc. (“ESLGP”) is a body corporate, incorporated under the *CBCA*, as amended. ESLGP is a “company” within the meaning of the *NEB Act*.
3. ESLGP is the general partner of Enbridge Southern Lights LP (“ESLLP”), which is a limited partnership formed pursuant to the laws of Alberta. EPI holds a 99.99% limited partnership interest in ESLLP and ESLGP holds a 0.01% general partnership interest.

THE ENBRIDGE MAINLINE SYSTEM

4. The Enbridge Mainline system transports crude oil and petroleum products from Edmonton, Alberta to locations in Canada and the United States. The Mainline system includes Line 2, which extends from Edmonton to Superior, Wisconsin and Line 13, which extends from Edmonton to Clearbrook, Minnesota.
5. EPI is the owner and operator of the Canadian portion of the Mainline system, including that portion which extends from Edmonton to the Canada/United States border near Gretna, Manitoba.

THE SOUTHERN LIGHTS PROJECT

6. The Southern Lights Project is comprised of the Diluent Pipeline Project and the Capacity Replacement Project.
7. The Diluent Pipeline Project will transport Diluent from Chicago, Illinois to Edmonton. In order to provide the Diluent transportation service:

- (a) Line 13 will be removed from southbound crude oil service and will be reversed to transport Diluent from Clearbrook to Edmonton (“Line 13 Reversal”); and
 - (b) a new 1084 km 508 mm OD (NPS 20) pipeline will be constructed from Chicago to Clearbrook and placed into northbound Diluent service.
8. The Canadian portion of Line 13 will be transferred from EPI to ESLLP (“Line 13 Transfer”).
9. The Capacity Replacement Project will offset the reduction of southbound crude oil capacity on the Enbridge Mainline system resulting from the transfer of Line 13 to northbound Diluent service. In order to replace the capacity:
- (a) modifications will be made to increase the capacity of Line 2 between Edmonton and Superior (“Line 2 Modifications”); and
 - (b) a new 504 km 508 mm OD (NPS 20) light sour crude oil pipeline (“LSr Pipeline”) will be constructed from Cromer, Manitoba to Clearbrook.

LINE 13 TRANSFER IN CANADA

10. The Canadian portion of Line 13 will be transferred from EPI to ESLLP pursuant to a Transfer Agreement dated March 9, 2007 (“Transfer Agreement”). ESLLP will pay to EPI a transfer amount which reflects the costs associated with constructing the LSr Pipeline and the Line 2 Modifications in Canada. The effective date of the transfer will occur no later than June 30, 2010.
11. EPI and ESLGP, on behalf of ESLLP, are seeking approvals from the National Energy Board (“NEB”) for the Line 13 Transfer in Canada in accordance with the terms and conditions set out in the Transfer Agreement.

SUPPORTING MATERIAL

12. In support of these Applications, EPI, and ESLGP on behalf of ESLLP, provide and rely on the information attached to these Applications and found at Sections 1.0, 2.0 and Section 3.0, and any additional information that they may file as directed or permitted by the Board.

RELIEF REQUESTED

13. EPI respectfully requests that the NEB:
- (a) grant leave to EPI, pursuant to subsection 74(1)(a) of the *NEB Act*, to sell Line 13;
 - (b) make such orders, pursuant to Part IV and Section 129(1.1) of the *NEB Act*, which are necessary to effect the transfer of Line 13 in accordance with the terms and conditions set out in the Transfer Agreement; and
 - (c) grant such further and other relief as EPI may request or the Board may deem appropriate pursuant to Section 20 of the *NEB Act*.
14. ESLGP, on behalf of ESLLP, respectfully requests that the NEB:

- (a) grant leave to ESLGP, on behalf of ESLLP, pursuant to subsection 74(1)(b) of the *NEB Act*, to purchase Line 13;
- (b) make such orders, pursuant to Part IV and Section 129(1.1) of the *NEB Act*, which are necessary to effect the transfer of Line 13 in accordance with the terms and conditions set out in the Transfer Agreement; and
- (c) grant such further and other relief as ESLGP may request or the Board may deem appropriate pursuant to Section 20 of the *NEB Act*.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

DATED at the City of Calgary, in the Province of Alberta, this 9th day of March, 2007.

Communications relating to these
Applications should be directed to:

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NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act* (“*NEB Act*”), being c. N-7 of the Revised Statutes of Canada 1985, as amended, and the Regulations made thereunder;

AND IN THE MATTER OF the *Canadian Environmental Assessment Act* (“*CEAA*”) being c. 31 of the Statutes of Canada, 1992, as amended, and the Regulations made thereunder;

AND IN THE MATTER OF an Application by Enbridge Southern Lights GP Inc., on behalf of Enbridge Southern Lights LP, respecting the Line 13 Reversal.

TO: Michel L. Mantha, Secretary
National Energy Board
Calgary, Alberta

APPLICATION BY ENBRIDGE SOUTHERN LIGHTS GP INC., ON BEHALF OF ENBRIDGE SOUTHERN LIGHTS LP, RESPECTING THE LINE 13 REVERSAL

THE APPLICANT

1. Enbridge Southern Lights GP Inc. (“ESLGP”) is a body corporate, incorporated under the *Canada Business Corporations Act*, being c. c-44 of the Revised Statutes of Canada 1985, as amended. ESLGP is a “company” within the meaning of the *NEB Act*.
2. ESLGP is the general partner of Enbridge Southern Lights LP (“ESLLP”), which is a limited partnership formed pursuant to the laws of Alberta. Enbridge Pipelines Inc. (“EPI”) holds a 99.99% limited partnership interest in ESLLP and ESLGP holds the remaining 0.01% general partnership interest.

THE ENBRIDGE MAINLINE SYSTEM

3. The Enbridge Mainline system transports crude oil and petroleum products from Edmonton, Alberta to locations in Canada and the United States. The Mainline system includes Line 2, which extends from Edmonton to Superior, Wisconsin and Line 13, which extends from Edmonton to Clearbrook, Minnesota.
4. EPI is the owner and operator of the Canadian portion of the Mainline system, including that portion which extends from Edmonton to the Canada/United States border near Gretna, Manitoba.

THE SOUTHERN LIGHTS PROJECT

5. The Southern Lights Project is comprised of the Diluent Pipeline Project and the Capacity Replacement Project.
6. The Pipeline Project will transport Diluent from Chicago, Illinois to Edmonton. In order to provide the Diluent transportation service:

- (a) Line 13 will be removed from southbound crude oil service and will be reversed to transport Diluent from Clearbrook to Edmonton (“Line 13 Reversal”); and
 - (a) a new 1,084 km 508 mm OD (NPS 20) pipeline will be constructed from Chicago to Clearbrook and placed into northbound Diluent service.
7. The Canadian portion of Line 13 will be transferred from EPI to ESLLP (“Line 13 Transfer”).
8. The Capacity Replacement Project will offset the reduction of southbound crude oil capacity on the Enbridge Mainline system resulting from the transfer of Line 13 to northbound Diluent service. In order to replace the capacity:
- (b) modifications will be made to increase the capacity of Line 2 between Edmonton and Superior (“Line 2 Modifications”); and
 - (a) a new 504 km 508 mm OD (NPS 20) light sour crude oil pipeline (“LSr Pipeline”) will be constructed from Cromer, Manitoba to Clearbrook.

LINE 13 REVERSAL IN CANADA

9. ESLGP, on behalf of ESLLP, will undertake the Line 13 Reversal in Canada. In order to reverse the flow of Line 13 in Canada to provide northbound Diluent service:
- (a) pumps at 16 existing pump stations on Line 13 will be reversed, and the pumps at a remaining pump station at Edmonton will be idled;
 - (b) drag reducing agent (“DRA”) skids will be installed at four Line 13 pump stations;
 - (c) six check valves on Line 13 will be reversed;
 - (d) delivery metering and connections will be installed at three Line 13 pump stations; and
 - (e) modifications will be made to four Line 13 scraper traps.

No new pipeline or pumps will be required in Canada as part of the Line 13 Reversal. All work will occur within existing Line 13 pump station and valve sites.

10. The Line 13 Reversal will have the capacity to transport approximately 28,600 m³/d (180,000 bbl/d) of Diluent from the Canada/United States border near Gretna to Edmonton. The estimated capital cost for the Line 13 Reversal in Canada, exclusive of the Line 13 acquisition cost, is CAD\$44 million. The facilities are expected to be placed in Diluent service no later than June 30, 2010.
11. ESLGP, on behalf of ESLLP, is seeking approvals from the National Energy Board (“NEB”) for the Line 13 Reversal and for the toll principles and the tariff which will apply to the transportation of Diluent on the Line 13 Reversal.

SUPPORTING MATERIAL

12. In support of this Application, the Applicant, provides and relies on the information attached to this Application and found at Sections 1.0, 2.0, 4.0, 6.0 and 7.0, and any additional information that it may file as directed or permitted by the Board.

RELIEF REQUESTED

13. ESLGP, on behalf of ESLLP, respectfully requests that the NEB:
- (a) grant an order pursuant to Section 58 of the *NEB Act* authorizing the construction and operation of the Line 13 Reversal facilities and exempting these facilities from the provisions of Sections 30, 31 and 47 of the *NEB Act*,
 - (b) grant approval under Part IV of the *NEB Act* for the toll principles and the tariff which will apply to the transportation of Diluent on the Line 13 Reversal; and
 - (c) grant such further and other relief as ESLGP may request or the Board may deem appropriate pursuant to Section 20 of the *NEB Act*.
14. ESLGP, on behalf of ESLLP, also respectfully requests that the NEB, as the Responsible Authority pursuant to *CEAA*, after taking into consideration the screening report and any comments filed, make a decision pursuant to Section 20(1) of the *CEAA*.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

DATED at the City of Calgary, in the Province of Alberta, this 9th day of March, 2007.

Communications relating to this
Application should be directed to:

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NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act* (“*NEB Act*”), being c. N-7 of the Revised Statutes of Canada 1985, as amended, and the Regulations made thereunder;

AND IN THE MATTER OF the *Canadian Environmental Assessment Act* (“*CEAA*”) being c. 31 of the Statutes of Canada, 1992, as amended, and the Regulations made thereunder;

AND IN THE MATTER OF an Application by Enbridge Pipelines Inc. respecting the Capacity Replacement Project.

TO: Michel L. Mantha, Secretary
National Energy Board
Calgary, Alberta

APPLICATION BY ENBRIDGE PIPELINES INC. RESPECTING THE CAPACITY REPLACEMENT PROJECT

THE APPLICANT

1. Enbridge Pipelines Inc. (“EPI”) is a body corporate, incorporated under the *Canada Business Corporations Act* (“*CBCA*”) being c. C-44 of the Revised Statutes of Canada 1985, as amended. EPI is a “company” within the meaning of the *NEB Act*.

THE ENBRIDGE MAINLINE SYSTEM

2. The Enbridge Mainline system transports crude oil and petroleum products from Edmonton, Alberta to locations in Canada and the United States. The Mainline system includes Line 2, which extends from Edmonton to Superior, Wisconsin and Line 13, which extends from Edmonton to Clearbrook, Minnesota.
3. EPI is the owner and operator of the Canadian portion of the Mainline system, including that portion which extends from Edmonton to the Canada/United States border near Gretna, Manitoba.

THE SOUTHERN LIGHTS PROJECT

4. The Southern Lights Project is comprised of the Diluent Pipeline Project and the Capacity Replacement Project.
5. The Diluent Pipeline Project will transport Diluent from Chicago, Illinois to Edmonton. In order to provide the Diluent transportation service:

- (a) Line 13 will be removed from southbound crude oil service and will be reversed to transport Diluent from Clearbrook to Edmonton (“Line 13 Reversal”); and
 - (b) a new 1,084 km 508 mm OD (NPS 20) Diluent Pipeline will be constructed from Chicago to Clearbrook and placed into northbound Diluent service.
6. The Canadian portion of Line 13 will be transferred from EPI to Enbridge Southern Lights LP (“Line 13 Transfer”).
7. The Capacity Replacement Project will offset the reduction of southbound crude oil capacity on the Enbridge Mainline system resulting from the transfer of Line 13 to northbound Diluent service. In order to replace the capacity:
- (a) modifications will be made to increase the capacity of Line 2 between Edmonton and Superior (“Line 2 Modifications”); and
 - (b) a new 504 km 508 mm OD (NPS 20) light sour crude oil pipeline (“LSr Pipeline”) will be constructed from Cromer, Manitoba to Clearbrook.

CAPACITY REPLACEMENT PROJECT IN CANADA

8. EPI will construct and operate the LSr Pipeline in Canada. The facilities will include:
- (a) approximately 286 km of new 508 mm OD (NPS 20) pipeline from Cromer to the Canada/United States border near Gretna;
 - (b) additional pumping facilities at three existing EPI pump stations;
 - (c) valves and fittings along the LSr Pipeline; and
 - (d) scraper trap facilities at Cromer.
- Construction of the LSr Pipeline in Canada will be within or alongside and contiguous to existing EPI right of way for approximately 97% of its length. Approximately 8 km of new non-contiguous right of way will be required.
9. The LSr Pipeline will have the capacity to transport approximately 29,500 m³/d (186,000 bbl/d) of light crude oil southbound from Cromer. The estimated capital cost of the LSr Pipeline in Canada is CAD\$298 million. The facilities are expected to be in service by December 31, 2008.
10. EPI will make the Line 2 Modifications in Canada. They will include:
- (a) installing larger pumps and motors at 17 existing pump stations on Line 2; and
 - (b) adding, relocating or recommissioning drag reducing agent (“DRA”) skids at 22 existing Line 2 pump stations.

No modifications to the pipeline, pipeline valves or scraper traps associated with Line 2 are required. All work will occur within existing Line 2 pump station sites.

11. The Line 2 Modifications will increase the Annual Capacity of Line 2 between Edmonton and the Canada/United States border near Gretna to 70,300 m³/d (442,000 bbl/d). The estimated capital cost for the Line 2 Modifications in Canada is CAD\$42 million. The facilities are expected to be in service by September 30, 2008.
12. EPI is seeking approvals from the National Energy Board (“NEB”) for the LSr Pipeline and Line 2 Modifications and for certain tolling matters that would apply in respect of those facilities prior to the date that Line 13 is transferred from EPI to ESLLP.

SUPPORTING MATERIAL

13. In support of this Application, EPI provides and relies on the information attached to this Application and found at Sections 1.0, 2.0, 5.0, 6.0 and 7.0, and any additional information that it may file as directed or permitted by the Board.

RELIEF REQUESTED

14. EPI respectfully requests that the NEB:
 - (a) recommend that the Governor-in-Council approve the issuance of a certificate of public convenience and necessity, pursuant to Section 52 of the *NEB Act*, authorizing the construction and operation of the LSr Pipeline;
 - (b) upon the issuance of a certificate of public convenience and necessity for the LSr Pipeline grant an order pursuant to Section 58 of the *NEB Act* exempting the pumping facilities, related facilities and pump station piping associated with the LSr Pipeline from the provisions of Sections 30(1)(b), 31(c), 31(d) and 47 of the *NEB Act*;
 - (c) grant an order pursuant to Section 58 of the *NEB Act* authorizing EPI to construct and operate the Line 2 Modification facilities and exempt these facilities from the provisions of Sections 30, 31 and 47 of the *NEB Act*;
 - (d) grant approval under Part IV of the *NEB Act* for the tolling methodology to apply to the Line 2 Modifications and the LSr Pipeline prior to the transfer of Line 13 from EPI to ESLLP; and
 - (e) grant such further and other relief as EPI may request or the Board may deem appropriate pursuant to Section 20 of the *NEB Act*.
15. EPI also respectfully requests that the Board, as the Responsible Authority pursuant to *CEAA*, after taking into consideration the screening report and any comments filed, make a decision pursuant to Section 20(1) of the *CEAA*.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

DATED at the City of Calgary, in the Province of Alberta, this 9th day of March, 2007.

Communications relating to this
Application should be directed to:

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Glossary

“AFUDC” means an allowance for funds used during construction

“Annual Capacity” means the sustainable pipeline capacity over a year after capacity reductions for routine and normal maintenance, routine operating problems and assuming minimal or no capacity reduction due to ratability issues.

“Application” means this application together with its appendices.

“bbl/d” means barrels per day.

“Board” means the National Energy Board.

“CAPP” means Canadian Association of Petroleum Producers.

“Consultation Program” means the public notification and consultation program.

“CSR” means Enbridge Inc.’s Corporate Social Responsibility Policy.

“Diluent” means either Natural Gasoline or Light Straight Run Naphtha or mixture thereof.

“DRA” means drag reducing agent.

“EGC” means Enbridge Pipeline Inc.’s Environmental Guidelines for Construction (2003).

“Enbridge Mainline System” means aggregate of the EPI Mainline System and the Lakehead System.

“Enbridge Pipelines” or **“EPI”** means Enbridge Pipelines Inc.

“Enbridge” or **“ENB”** means Enbridge Inc.

“EPI Mainline System” means all of the EPI NEB-regulated pipeline operations as of January 1, 2007, including all facilities and operations associated with the Terrance Expansion but not including Line 8 or Line 9 and as may be expanded or modified from time to time as a Non-Routine Adjustment or as agreed to by EPI and CAPP for inclusion of “EPI Mainline System” and approved by the NEB.

“ESA” means the Environmental and Socio-Economic Impact Assessment.

“ESLGP” means Enbridge Southern Lights GP.

“ESLLP” means Enbridge Southern Lights LP.

“Lakehead System” means the crude oil and liquid petroleum pipeline which spans from the international border near Neche, ND to the international border near Marysville, MI with an extension across the Niagra River into the Buffalo, N.Y. area. The Lakehead System is regulated by the FERC.

“Light Straight Run Naphtha” or **“LSRN”** means a distillate fraction produced from crude oil collected at 60-170°F.

“Line 13 Pipeline System” means that existing EPI pipeline originating at EPI facilities in Edmonton, AB and terminating at the Clearbrook, MN terminal that currently transports synthetic oil west to east.

“Line 13 Pipeline” means that portion of the Line 13 Pipeline System in Canada originating at EPI facilities in Edmonton, AB and terminating at the Canada/United States border in the vicinity of Gretna, MB.

“Line 2 Pipeline System” means that existing EPI pipeline originating at EPI facilities in Edmonton, AB and terminating at the Lakehead Superior, WI terminal that transports light hydrocarbon liquids west to east.

“Line 2 Pipeline” means that portion of the Line 2 Pipeline System in Canada originating at EPI facilities in Edmonton, AB and terminating at the Canada/United States border in the vicinity of Gretna, MB.

“LSr Pipeline System” means a new 508 mm OD (NPS 20) low vapor pressure pipeline to be constructed that would originate at the EPI Cromer, MB terminal and terminate at the Lakehead Clearbrook, MN terminal for the purpose of transporting LSr.

“LSr Pipeline” means that portion of the LSr Pipeline System in Canada originating at the EPI Cromer, MB terminal and terminating at the Canada/United States border in the vicinity of Gretna, Manitoba.

“LSr” means light sour crude oil aggregated at the EPI Cromer terminal for shipment east on the LSr Pipeline System.

“MAOP” means maximum allowable operating pressure.

“Natural Gasoline” means a mixture of liquid hydrocarbons (mostly pentanes and heavier hydrocarbons) extracted from natural gas.

“NEB” means the National Energy Board.

“NEB Act” means the *National Energy Board Act*, R.S.C., 1985, c. N-7.

“Open Season” means a period of time when all parties are provided with an equal and non-discriminatory opportunity to access proposed or existing services.

“OPR” means the Onshore Pipeline Regulations, 1999.

“PIP” means the Preliminary Information Package.

“ROW” means right-of-way.

“Southern Pipeline Project” or “Project” or “SLP” means, as further described herein, the construction of the LSr Pipeline, the undertakings required to modify the Line 13 Pipeline such that it can pump in a reverse direction and the required undertakings to modify the Line 2 Pipeline, in both Canada and the U.S.

“TSA” means Transportation Service Agreement.

“VEC” means valued ecosystem component.

1 EXECUTIVE SUMMARY AND COMMON INFORMATION REQUIREMENTS

1.1 Executive Summary

The Southern Lights Project (the “SLP” or “Project”) was initiated by Enbridge Pipelines Inc. (“EPI”) in response to industry demand for Diluent supply to Western Canada from sources in the U.S. Midwest. The Project will provide a new Diluent transportation service from Chicago, Illinois to Edmonton, Alberta.

Western Canadian production of heavy oil and bitumen is forecasted to significantly grow between 2010 and 2025. These heavy oil and oil sands projects require Diluent to thin the raw production to meet specifications for transportation by pipeline. Historically, light hydrocarbons such as natural gas condensate (sometimes referred to as natural gasoline) have been used as Diluent due to the efficiency of its required blend ratio with heavy oil and bitumen. More recently, other materials such as synthetic crude oil have also been used. The forecasted growth in heavy oil and bitumen significantly exceeds the currently available condensate supply required to dilute raw production, and railed condensate imports have been increasing. Industry is supportive of a new pipeline solution to meet anticipated demand for U.S.-sourced Diluent in Western Canada. Industry is also supportive of the opportunity for efficient recycling of Diluent from refineries processing Diluent/bitumen blends.

The Project provides a cost effective solution for Diluent transportation by an innovative combination of existing infrastructure and new build. The Project involves reversal of the existing Line 13 from Edmonton to Clearbrook, Minnesota, and connection to a new 20” pipeline from Chicago to Clearbrook to create a northbound Diluent Pipeline from Chicago to Edmonton. In addition, to compensate for the removal of Line 13 from light crude oil service, the proposed restructuring of the existing mainline light crude oil system will result in the expansion of southbound mainline capacity for Mainline shippers. Enbridge expects that the Mainline shippers will benefit from modifications to its Line 2 and construction of a new light sour crude oil pipeline (LSr Pipeline) as follows:

- A 7,500 m³/day (47,000 bbl/d) expansion of the Annual Capacity of the Mainline light crude system as measured “ex” Cromer, Manitoba;
- Increased Annual Capacity for increasing receipt volumes at Cromer, Manitoba with a new 29,500 m³/d (186,000 bbl/d) LSr Pipeline that transports crude to Clearbrook;
- A short-term Mainline Annual Capacity increase of 34,800 m³/d (219,000 bbl/d) by operations of Line 2 and LSr Pipeline prior to the reversal of Line 13;



- Improved quality due to segregation of Cromer light sour crude volumes from Line 2, and elimination of Line 2 breakout at Cromer;
- Decreased transit time due to higher pipe velocities and elimination of Cromer breakout;
- Additional volumes on the Mainline due to additional Diluent supply which enables the Canadian heavy crude barrels to be transported; and
- An improvement in operating efficiencies with ESLLP sharing operating costs is expected to provide an anticipated Mainline toll reduction of approximately CAD\$0.02/bbl for all shippers.

Based on the benefits of increased Diluent supply being made available to Western Canadian heavy oil producers and the benefits to the Mainline identified above, Enbridge conducted a successful Open Season and was able to obtain sufficient commitments from shippers to enable the Project to proceed. These committed shippers have signed up for 15-year terms.

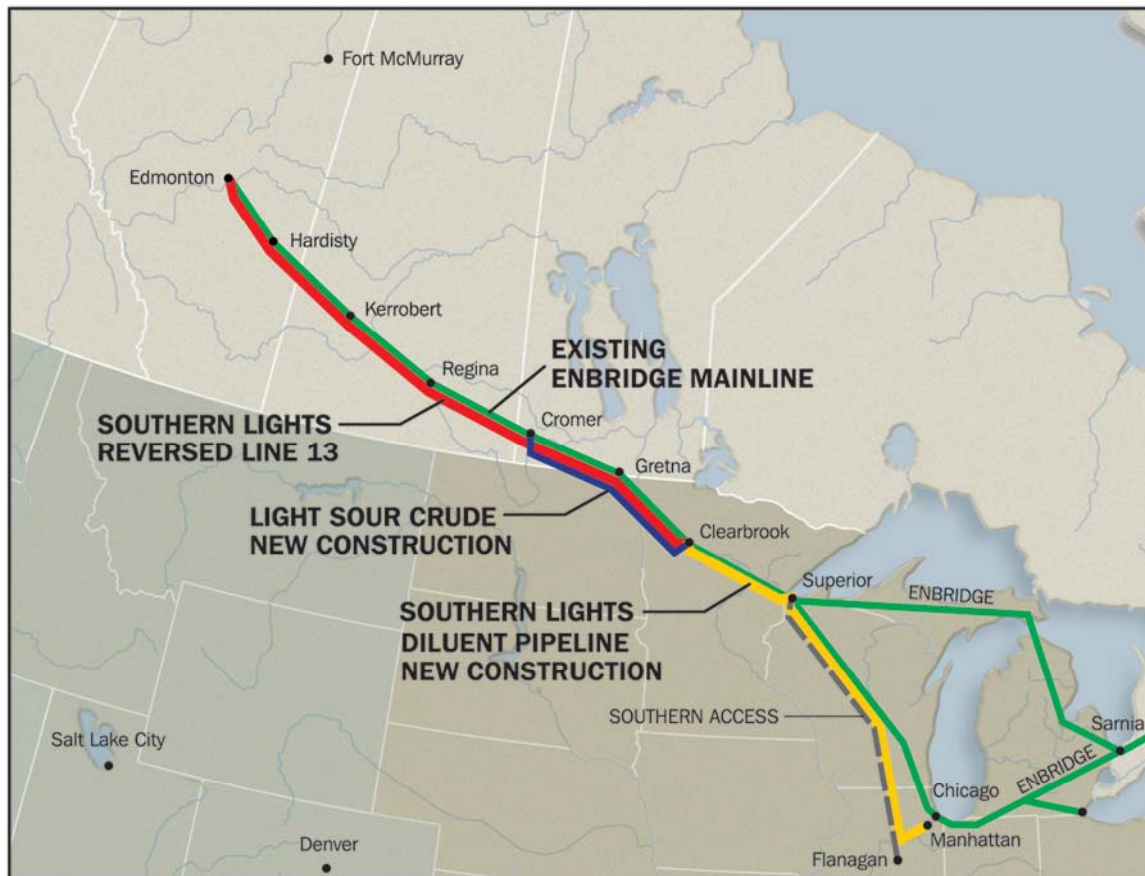
Further, EPI has received support from Western Canadian producers as evidenced by the letter of support provided by the Canadian Association of Petroleum Producers (“CAPP”).

In Canada, the Project is comprised of two distinct components:

1. Enbridge Pipelines Inc. (“EPI”) will transfer an existing crude oil pipeline, Line 13, to ESLLP. Upon the transfer of Line 13 to ESLLP, it will be taken out of southbound crude oil service and its flow reversed so that it can transport Diluent to Edmonton;
2. In order to offset the reduction in southbound crude oil capacity when Line 13 is placed into Diluent service, the Project also involves the modification of Line 2 pump units in order to increase capacity and the construction of the LSr Pipeline from Cromer to the Canada/United States border near Gretna, Manitoba to remove a bottleneck.

A map illustrating the Project is shown as Figure 1-1 below.

Figure 1-1: Project Map



1.2 Project Description

As described above, the SLP consists of two components: The Diluent Pipeline Project and the Capacity Replacement Project. The Canadian component of the Diluent Pipeline Project consists solely of the reversal of the existing Line 13 as follows:

- Line 13 will be reversed from the Canada / United States border near Gretna, Manitoba to Edmonton, Alberta to allow for a south to north flow. This reversal will result in the use of Line 13 as a Diluent Pipeline. No new Diluent pipeline construction is required in Canada; and
- Modifications to existing pump stations on Line 13 as required to reverse the flow. All work in Canada to reverse Line 13 will be undertaken within existing pump stations and valve sites. No new right-of-way will be required for this work.

The Canadian components of the Capacity Replacement Project consist of the LSr Pipeline and modifications to Line 2 as follows:

- Modifications to certain existing Line 2 pump stations and installation of drag reducing agent (“DRA”) skids at certain existing pump stations between Edmonton, Alberta and the Canada / United States border near Gretna, Manitoba. These modifications will result in the expansion of Line 2 Annual Capacity from 54,000 m³/day (340,000 bbl/d) to 70,300 m³/day (442,000 bbl/d) from Edmonton, Alberta south, and from 65,000 m³/day (409,000 bbl/d) to 70,300 m³/day (442,000 bbl/d) from Cromer, Manitoba south to the border; and
- Construction of approximately 286 km of a new 508 mm OD (NPS 20) light sour crude oil pipeline from Cromer, Manitoba to a connection with the United States LSr Pipeline at the Canada / United States border near Gretna, Manitoba. The Canadian LSr Pipeline will have an Annual Capacity of 29,500 m³/day (186,000 bbl/d). The construction in Canada will be within or alongside and contiguous to existing EPI right-of-way for almost its entire length except for approximately eight kilometres.

The Project provides a cost-effective solution for Diluent transportation by an innovative combination of existing transportation and new build. No new Diluent pipeline construction is required in Canada. Impacts to the environment and landowners as a result of modifications to pump stations and the new LSr Pipeline have been minimized by constructing along existing EPI right-of-way, with the exception of approximately eight kilometres near the Souris River valley (near Wawanesa), and within existing EPI pump stations.

The estimated total capital cost of the SLP is approximately US\$1.3 Billion. The estimated capital cost for the Canadian portion of the SLP is approximately CAD\$384 Million.

1.3 Anticipated In-Service Dates

The Line 2 Modifications are expected to be completed by September 30, 2008 and the LSr Pipeline is expected to be in service by December 31, 2008. Line 13 is anticipated to be placed in Diluent service as early as June 30, 2010.

1.4 Industry Consultation

Since mid-2005, EPI, has met on a frequent basis with individual producers, shippers, marketers, refiners, producer groups and industry associations during the course of developing the Project. These efforts enabled EPI to identify the requirements and address the concerns of potential shippers resulting in shippers making long-term commitments to the Project via executed Transportation Service Agreements. An Open Season commenced on May 30, 2006 and ended July 14, 2006. As a result of the Open Season, EPI received sufficient committed shipper support to proceed with development of the Project.

Sections 2.12 and 2.13 include further information relating to the industry consultations that have taken place since mid-2005.

1.5 Economic Feasibility, Alternatives and Justification

The Project was initiated in response to requests from Western Canadian heavy oil and bitumen producers, who forecasted the need for access to incremental Diluent supplies. Negotiations with potential shippers and an Open Season resulted in the SLP proponents obtaining sufficient commitments to backstop the capital and operating costs under long-term contracts. This backstopping is sufficient for the Project proponents to proceed with the Project.

The Project was designed to maximize facility efficiency by reducing the need for new infrastructure through redeployment of existing assets and by minimizing the footprint of new facilities by constructing within or alongside and contiguous to existing right-of-way and within existing pump stations.

Further information on the Project's Economic Feasibility and Alternatives may be found in Section 4.0 of this Application and Sections 2.2, 2.3 and 4.0 of the Environmental and Socio-Economic Assessment (ESA).

1.6 Tolls and Tariffs

The proposed toll methodology for contracted shippers reflects the terms of the negotiated Transportation Service Agreements (TSA's). The tolls derived from this methodology will be charged to the Committed Shippers. Tolls for parties without long-term transportation agreements will be derived in accordance with the TSA's.

Further information on the proposed Tolls and Tariffs may be found in Sections 4.0 and 5.0 of this Application.

1.7 Engineering

EPI on behalf of ESLLP has prepared a report respecting the design, construction and operation of the Line 13 Reversal. This report is provided in Appendix 4-5.

EPI has prepared a report respecting the design, construction and operation of the Line 2 Modifications and the LSr Pipeline. This report is provided in Appendix 5-1.

1.8 Environmental Matters

Tera Environmental Consultants (Tera) in cooperation with Mentiga Pedology Consultants Ltd., Applied Aquatic Research Ltd. (AAR), RWDI Air Inc., Clearstone Engineering Ltd., and Decision Economics Consulting Group prepared a detailed Environmental and Socio-Economic Assessment ("ESA") for the Project. The ESA was prepared following the guidelines of the NEB Filing Manual (2004) and the reporting requirements as outlined in Sections 16(1)

and 16(2) of the *Canadian Environmental Assessment Act*. As the proposed SLP is not of a type listed in the *Comprehensive Study List Regulations*, it should proceed by way of a screening.

The ESA concludes that the SLP is not likely to cause significant adverse environmental or socio-economic effects. Further information concerning the environmental and socio-economic assessment is found in Section 7.0 of this Application and the ESA, attached as Volume 2 of this Application.

1.9 Economics – Supply and Markets

Section 4.0 provides information on the supply and markets that support the Project. Both NEB and CAPP forecasts indicate significant bitumen production increases, which must be blended with condensates or similar light hydrocarbons in order to be transported by pipeline. EPI's views are supported by the NEB and CAPP forecasts and a study prepared by Muse Stancil, which conclude that:

1. significant increases in bitumen production are forecast; and
2. the available Diluent supply in the Chicago market is sufficient and competitively priced to be utilized in the oil sands projects.

The Project is justified based on the combination of available Diluent supply and significant bitumen production increases which, if blended with condensates or similar light hydrocarbons, will require quantities of Diluent in excess of the initial capacity of the Project.

1.10 Land

The Line 13 Reversal involves modifications to pumps and valves at existing pump stations on Line 13 to permit the pipeline to operate in reversed direction. All of the work will occur within the existing pumping stations and valve sites on Line 13. Therefore no routing considerations arose.

The Line 2 Modifications involve modifying existing Line 2 pumping units and adding DRA injection skids at existing pump stations. Accordingly, all work will occur within the existing fence line of these stations and no routing considerations arose.

The LSr Pipeline involves the construction of new pipeline from Cromer to the Canada / United States border near Gretna, Manitoba. A review of the route indicated that approximately 278 km could be constructed in or alongside and contiguous to existing right-of-way. However, approximately eight km of new right-of-way would be required east of the Souris River valley (near Wawanesa) to avoid a farmyard and residence.

Section 5.0 of this Application describes the land requirements for the Project and the procedures and schedules for obtaining the land rights and temporary workspace requirements.

1.11 Public Consultation and Aboriginal Engagement

Section 6.0 describes the public consultation and Aboriginal engagement programs, including the design, principles, implementation and outcomes. It includes information on consultation that has taken place, and will continue to take place, with landowners, government, local communities, Aboriginal groups, industry and the general public.

1.12 Other Authorizations

In addition to the Board's approvals requested in this Application, authorizations by federal, ancillary provincial and state agencies in Canada and the U.S. will be required. Descriptions of these authorizations in Canada are provided in Sections 1.3 and 2.5.1 of the ESA.

The list below includes, but is not limited to, the major permits that Enbridge will be applying for from federal and state agencies in the United States. Enbridge has been and continues its pre-filing consultations with these agencies and plans to have all necessary applications filed by the end of second quarter 2007. As a result of these early discussions, Enbridge foresees no reason that these permits will not be received in a timely manner. However if a significant delay in the permitting process should arise that would negatively impact the proposed project in the U.S., Enbridge will notify and keep the NEB informed on the status of such a delay in the Project schedule.

NAME OF PERMITTING AGENCY	TYPE OF PERMIT
Federal Energy Regulatory Commission	Federal
Department of State	Federal
International Boundary Commission	Federal
Chippewa National Forest	Federal
U.S. Department of the Interior Fish and Wildlife Service	Federal
ND, MN, WI Historic Preservation Office	Federal
U.S. Army Corps of Engineers	Federal
North Dakota Public Service Commission	State
Minnesota Public Utility Commission	State
Minnesota Department of Commerce	State

Leech Lake Reservation / Bureau of Indian Affairs	Tribal
Fond du Lac Reservation / Bureau of Indian Affairs	Tribal
Wisconsin Public Service Commission	State
Wisconsin Dept. of Natural Resources	State
Illinois Commerce Commission	State

1.13 Concordance Tables

The NEB concordance Tables are attached as Appendix 1-1.

1.14 Summary and Conclusion

The SLP will provide oilsands producers with access to an abundant and low cost Diluent supply. Diluent is required in order to realize the value of oilsands deposits for the benefit of industry and ultimately, consumers. The SLP will also provide a market outlet for refiners recovering incremental quantities of light hydrocarbons in bitumen blends. Accordingly, the SLP also provides an efficient recycle solution.

The strong supply and market fundamentals underpinning the Project are confirmed by the financial commitments that have been made by third party shippers which have entered into long-term Transportation Service Agreements for the capacity. The existence of the Transportation Service Agreements is demonstrable evidence that there is market support for the Project and that the terms of the negotiated arrangements are reasonable and competitive.

A letter of support from CAPP provides further evidence that there is wide industry support for the Project.

Those shippers that have entered into long-term Transportation Service Agreements receive benefits in the form of competitive negotiated tolls, price certainty and unapportioned access to the pipeline capacity.

The Project also benefits those shippers which are not prepared to enter into long-term agreements. Sufficient capacity will be retained to provide uncommitted shippers with opportunity to transport Diluent to Edmonton. In addition, the Project will benefit the Mainline shippers of crude oil to the U.S. markets by creating additional capacity on the Mainline and lowering the Mainline tolls.

Finally, the use of existing assets combined with construction within or adjacent to the existing EPI right-of-way maximizes efficiency and minimizes environmental impacts and disruptions experienced by the local communities.



EPI has conducted extensive public consultation and any identified concerns or issues have either been or will be addressed.

2 SOUTHERN LIGHTS PROJECT

2.1 Project Need

The Project will transport Diluent from Chicago, Illinois to Edmonton. Diluent is used to dilute raw production of heavy oil and bitumen in order to meet pipeline specifications. Additional sources of Diluent are needed in Western Canada to blend with growing volumes of heavy oil and bitumen production. Further details of this market requirement are provided in Section 4.3.

Industry support for this Project is demonstrated by the letter of support from CAPP and the executed Transportation Service Agreements (“TSAs”) by shippers as detailed in Sections 2.12 and 2.13.

2.2 Project Description

The Project is comprised of two components: the Diluent Pipeline Project and the Capacity Replacement Project.

2.2.1 Diluent Pipeline Project

In order to transport Diluent from Chicago to Edmonton:

- an existing Enbridge Mainline pipeline, Line 13, will be removed from southbound crude oil service and reversed to transport Diluent from Clearbrook to Edmonton (“Line 13 Reversal”); and
- a new 1,084 km 508 mm OD (NPS 20) pipeline will be constructed from Chicago to Clearbrook, Minnesota.

The Diluent Pipeline Project will have an Annual Capacity of 28,600 m³/d (180,000 bbl/d). All work to reverse Line 13 will be undertaken within existing pump stations and valve sites. No new right-of-way will be required for this work.

2.2.2 Capacity Replacement Project

The Capacity Replacement Project will replace the loss of southbound crude oil capacity on the Enbridge Mainline system resulting from the transfer of Line 13 to northbound Diluent service. In order to replace the capacity:

- pump stations will be modified and DRA skids installed to increase the capacity of an existing Enbridge Mainline pipeline, Line 2, between Edmonton and Superior, Wisconsin (“Line 2 Modifications”); and

- a new 504 km 508 mm OD (NPS 20) light sour crude oil pipeline (“LSr Pipeline”) will be constructed from Cromer, Manitoba to Clearbrook, Minnesota to remove a bottleneck.

The net effect of the Capacity Replacement Project is that the southbound crude oil capacity on the Mainline will increase by approximately 7,500 m³/d (47,000 bbl/d) at the bottleneck point at Cromer after Line 13 is removed from crude oil service. The pump station modifications and installation of DRA skids on Line 2 will be undertaken at existing pump stations and no new right-of-way is required. Construction of the Canadian portion of the LSr Pipeline is located within or adjacent to existing EPI right-of-way for almost its entire length.

2.3 Canadian Proponents

The Canadian proponents of the Project are Enbridge Southern Lights LP (“ESLLP”) and Enbridge Pipelines Inc. (“EPI”).

ESLLP is a limited partnership formed pursuant to the laws of Alberta. Enbridge Southern Lights GP Inc. (“ESLGP”) is the general partner of ESLLP and Enbridge Pipelines Inc. (“EPI”) is the limited partner of ESLLP. ESLGP is a subsidiary of Enbridge Inc., which is a publicly traded Canadian company headquartered in Calgary, Alberta.

EPI is a corporation existing under the laws of Canada. EPI is a subsidiary of Enbridge Inc. EPI owns and operates the Enbridge Canadian Mainline system, which currently includes Line 13.

In order to provide northbound Diluent service in Canada, the Canadian portion of Line 13 will be transferred from EPI to ESLLP.

ESLLP will contract with EPI for EPI to perform the work for the Line 13 Reversal in Canada. EPI will undertake to perform the work for the Canadian portions of the LSr Pipeline and the Line 2 Modifications.

2.4 Line 13 Transfer

EPI and ESLLP have entered into a Transfer Agreement respecting the Canadian Line 13 facilities. ESLLP will pay to EPI a transfer amount that reflects the capital costs associated with the Capacity Replacement Project in Canada. The Transfer Agreement is provided in Appendix 3-1 and its material terms are summarized in Section 3.2.

2.5 Line 13 Reversal

ESLLP will contract with EPI for EPI to undertake the Line 13 Reversal in Canada. In order to reverse the flow of Line 13 in Canada to provide northbound Diluent service, it is proposed that:

- 16 pump stations used by Line 13 in Canada will be reversed and the pumps at a remaining pump station at Edmonton will be idled;
- DRA skids will be installed at four of the pump stations;
- six check valves on Line 13 will be modified;
- delivery metering and connections will be installed at three of the pump stations; and
- modifications will be made to four of the Line 13 scraper traps.

No new pipeline or pumps will be required in Canada as part of the Line 13 Reversal. All work in Canada to reverse Line 13 will be undertaken within existing pump stations and valve sites. No new right-of-way will be required for this work.

A map illustrating the locations of the Line 13 pump stations in Canada is shown in Appendix 2-1. Further details of the Line 13 facility modifications are provided in Appendix 4-5.

2.6 LSr Pipeline

EPI will construct and operate the LSr Pipeline in Canada. The facilities will include:

- approximately 286 km of new 508 mm OD (NPS 20) pipeline from Cromer to the Canada / United States border near Gretna, Manitoba;
- additional pumping facilities at three existing EPI pump stations;
- valves and fittings along the LSr Pipeline; and
- scraper trap facilities at Cromer.

The LSr Pipeline will have an Annual Capacity of 29,500 m³/d (186,000 bbl/d).

Construction of the LSr Pipeline will be in or alongside and contiguous to existing EPI right-of-way for approximately 97% of its length. Approximately eight km of new non-contiguous right-of-way will be required.

A map illustrating the location of the Canadian LSr Pipeline and associated facilities is shown in Appendix 2-2. Further details respecting the construction and operations of the LSr Pipeline and facilities are provided in Appendix 5-1.

2.7 Line 2 Modifications

EPI will undertake the Line 2 Modifications in Canada. They will include:



- installing larger pumps and motors at 17 existing pump stations on Line 2; and
- adding, relocating or recommissioning DRA skids at 22 of the Line 2 pump stations.

No modifications to the pipeline, pipeline valves or scraper traps associated with Line 2 are required.

Line 2 currently has annual capacities of 54,000 m³/d (340,000 bbl/d) between Edmonton and Cromer and 65,000 m³/d (409,000 bbl/d) between Cromer and the Canada / United States border. The Line 2 Modifications will increase the Annual Capacity of Line 2 between Edmonton and the Canada / United States border to 70,300 m³/d (442,000 bbl/d).

A map illustrating the locations of the Line 2 pump stations in Canada is shown in Appendix 2-3. Further details respecting the facility modifications are provided in Appendix 5-1.

2.8 Project Schedule

The schedule for the Project is presented in Figure 2-2.

Figure 2-2: Southern Lights Project Schedule

Activity	2006				2007				2008				2009				2010			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Regulatory Hearings																				
Submit regulatory applications																				
Regulatory review and hearings																				
Regulatory approval - 31 Dec 2007																				
Line 2 Modifications																				
Engineering design																				
Procurement and Fabrication																				
Construction																				
In service date - 30 Sept. 2008																				
LSr Pipeline																				
Engineering design																				
Procurement																				
Construction																				
In service date - 31 Dec. 2008																				
Line 13 Reversal																				
Engineering design																				
Procurement																				
Construction																				
In service date - 30 June 2010																				

Construction activities on Line 2 and the LSr Pipeline begin immediately upon receipt of regulatory approvals for completion by September 30, 2008 and December 31, 2008, respectively. Line 13 Reversal pre-work will be undertaken

through 2009. Target completion for all work related to Line 13 Reversal is June 30, 2010.

2.9 Project Costs

The estimated total capital cost of the Project is US\$1.3 billion. The estimated capital cost of the Canadian portion of the Project is CAD\$384 million, as follows:

Line 13 Reversal: \$44 million

LSr Pipeline: \$298 million

Line 2 Modifications: \$42 million

Further details respecting the capital costs are provided in Sections 4.6 and 5.3.

2.10 Project Financing

The Project will be financed with non-recourse third party debt and equity funding ultimately being provided by Enbridge Inc. Enbridge Inc. will source the equity funding from internally generated cash flow and capital market transactions.

Enbridge Inc. is a leader in energy transportation and distribution in North America and internationally with assets in excess of CAD\$18 billion. A copy of the Enbridge Inc. 2005 Annual Report is provided in Appendix 2-4.

Further details respecting the Project financing are provided in Sections 4.7 and 5.4.

2.11 Project Benefits

Line 13 Reversal provides a cost effective solution for Diluent transportation by an innovative combination of existing infrastructure and new build. Moreover, the Capacity Replacement Project will yield a number of benefits to EPI's Mainline shippers, including:

- A 7,500 m³/day (47,000 bbl/d) Annual Capacity expansion of the Mainline light crude system as measured "ex" Cromer, Manitoba;
- Increased capacity for increasing receipt volumes at Cromer, Manitoba with a new 29,500 m³/d (186,000 bbl/d) LSr Pipeline that transports crude to Clearbrook;
- A short-term Mainline Annual Capacity increase of 34,800 m³/d (219,000 bbl/d) by operations of Line 2 and LSr Pipeline prior to the reversal of Line 13;

- Improved quality due to segregation of Cromer light sour crude volumes from Line 2, and elimination of Line 2 breakout at Cromer;
- Decreased transit time due to higher pipe velocities and elimination of Cromer breakout;
- Additional volumes on the Mainline due to additional Diluent supply which enables the Canadian heavy crude barrels to be transported; and
- An improvement in operating efficiencies with ESLLP sharing operating costs is expected to provide an anticipated EPI Mainline toll reduction of approximately CAD\$0.02/bbl for all shippers.

2.12 Industry Support

Beginning in mid-2005, heavy oil and oil sands developers and operators expressed concern about the potential shortfall of Diluent supply in western Canada, and requested that Enbridge investigate the feasibility of accessing Diluent from sources in the United States, particularly the US Midwest. The Project was developed in response to that request. Enbridge has, in the course of project development, had significant consultation with industry participants, including producers, shippers, marketers, refiners, and industry associations.

CAPP has confirmed its support for the Project. A letter of support from CAPP dated December 15, 2006 is provided in Appendix 2-5. EPI and ESLLP are in agreement with the details set out in the CAPP letter.

2.13 Shipper Commitments

An open season process was conducted between May 30 and July 14, 2006 to provide an opportunity for potential shippers to commit for Diluent transportation service on the Line 13 Reversal in Canada (see Appendix 4-4). TSAs (see Appendix 4-3) were submitted in excess of the available Line 13 Reversal capacity, and were prorated to 162,000 bbl/d, in order to retain 18,000 bbl/d of capacity for Uncommitted Volumes. Since then, there have been terminations of commitments totalling 85,000 bbl/d, with the result that there are currently Committed Volumes of 77,000 bbl/d. Despite these terminations, the remaining Committed Shippers have confirmed that they remain committed to the Project and are bound by the executed TSAs. Recognizing that the Open Season conducted in the spring/summer 2006 resulted in apportioning commitments, and based on the number of enquiries by potential Committed Shippers, Enbridge is currently providing an opportunity for new parties to become Committed Shippers on the SLP, up to an additional 85,000 bbl/d of commitments.

3 LINE 13 TRANSFER

3.1 Introduction

Line 13 is currently part of the EPI Mainline system and transports crude oil southbound from Edmonton to the Canada / U.S. border near Gretna, Manitoba.

In order to provide northbound Diluent service in Canada:

- the Canadian portion of Line 13 will be transferred from EPI to ESLLP; and
- ESLLP will contract with EPI for EPI to manage and operate the Canadian portion of the Line 13 Reversal.

This Section addresses the transfer of Line 13 while Section 4.0 addresses the Line 13 Reversal.

3.2 Line 13 Transfer

EPI has agreed to sell the Line 13 assets to ESLLP pursuant to a Transfer Agreement dated March 9, 2007, a copy of which is provided in Appendix 3-1. The material terms of the Transfer Agreement are summarized below.

3.2.1 Assets to be Transferred

The Line 13 assets, which are being sold by EPI (Transferred Assets), include: the Line 13 pipeline; the pumping facilities associated with Line 13; other ancillary equipment attached to the Line 13 pipeline and the Line 13 pumping facilities in addition to the provision of necessary land rights associated with the Line 13 right-of-way and pumping facilities.

3.2.2 Closing Date

In accordance with the CAPP Support Letter (Appendix 2-5), EPI has agreed that the date that Line 13 will be taken out of crude oil service will be July 1, 2010 or such earlier date as additional export capacity out of Western Canada is available. The projected Closing Date is December 31, 2009 but in any event the Closing Date will occur no later than June 30, 2010. The Closing Date is also the date that is used to establish the Transfer Price that will be paid by ESLLP to EPI.

3.2.3 Final Transfer Amount

The Transfer Price represents the as-built capital costs plus the reasonable direct costs of EPI removing the Line 13 linefill associated with constructing the new

LSr Pipeline and the Line 2 Modifications less cumulative depreciation expense associated with each of the LSr Pipeline and the Line 2 Modifications for the Interim Period prior to the Closing Date. The depreciation rates to be used to establish the depreciation expense for the LSr Pipeline and the Line 2 Modifications assets will be the NEB-approved depreciation rates being utilized for similar assets on the EPI Mainline.

3.2.4 Conditions Precedent

The closing of the transfer transaction is subject to a number of conditions precedent being satisfied or waived by the parties including the completion of the LSr Pipeline and the Line 2 Modifications and the receipt of various regulatory approvals in both Canada and the United States in respect of the Project.

3.2.5 Condition of the Transferred Assets

EPI is making no representations as to the condition of the Transferred Assets nor their suitability for any purpose.

3.2.6 Additional Agreements

The Transfer Agreement contemplates that several agreements will be entered into between ESLLP and EPI including: 1) EPI providing ESLLP with operation and maintenance services; 2) the sharing of services and facilities in respect of the Transferred Assets; 3) the interaction of the Transferred Assets with EPI's other facilities; and 4) license agreement in relation to the Line 13 right-of-ways. These additional agreements will also address ESLLP's rights to access the EPI pump station sites for the purpose of accessing the Line 13 pumping facilities.

3.3 Oil Pipeline Uniform Accounting Regulations Exemptions

As of December 31, 2006, Line 13 had an original cost of \$166.7 million, accumulated depreciation of \$73.2 million and a net book value of \$93.5 million.

The underlying commercial arrangement behind the Project is that in consideration for EPI transferring Line 13 out of EPI Mainline service, ESLLP would pay to replace this Annual Capacity with the new LSr Pipeline and the Line 2 Modifications. EPI and ESLLP are, or will be, subject to the Oil Pipeline Uniform Accounting Regulations (OPUAR). A number of the provisions of the OPUAR do not reflect the commercial arrangement that has been agreed to by EPI and ESLLP and which is supported by CAPP. Accordingly, EPI and ESLLP seek an exemption, pursuant to Section 129 of the *NEB Act*, from the provisions of the OPUAR to allow:

- the sale and transfer of Line 13 to occur at the Transfer Price;
- the original cost of the Line 13 facilities to ESLLP to be established as the Transfer Price rather than at the net book value of Line 13 as prescribed by Section 15(4) of the OPUAR;

- the EPI Mainline system rate base would be reduced by the Transfer Price such that the net book values of the LSr Pipeline and Line 2 Modifications are effectively offset in the EPI Mainline system rate base as of the Closing Date rather than transferring the amount of the gain or loss from account 31 (Accumulated Depreciation-Transportation Plant) or account 32 (Accumulated Amortization-Transportation Plant) to account 402 (Extraordinary Income) or to account 422 (Extraordinary Income Deductions) as applicable as prescribed by Section 40(2) of the OPUAR.

4 LINE 13 REVERSAL

4.1 Overview

ESLLP will contract with EPI for EPI to undertake the Line 13 Reversal in Canada in order to provide northbound Diluent service to Edmonton. The Line 13 Reversal will involve:

- reversing 16 pump stations used by Line 13 and idling the pumps at a remaining pump station at Edmonton;
- modifying six check valves on Line 13;
- installing DRA skids at four of the Line 13 pump stations;
- installing delivery metering and connections at three of the Line 13 pump stations; and
- undertaking modifications to four Line 13 scraper traps.

Hydraulic optimization studies are being conducted to investigate the possible use of additional DRA. Should it be determined that the use of additional DRA is feasible to meet required capacity, the number of required Line 13 pumping facilities would be fewer than 16 and consideration would be given to incorporating those facilities into the LSr Pipeline.

No new pipeline or pumps will be required in Canada as part of the Line 13 Reversal. All work in Canada to reverse Line 13 will be undertaken within existing pump stations and valve sites. No new right-of-way will be required for this work.

4.2 Diluent Supply

Muse Stancil was retained to provide an assessment of the Diluent supply that could be available to the Project. The Muse Stancil report dated November 2006 is provided in Appendix 4-1. Muse Stancil concluded that:

- The potential Diluent supply sources fall into three broad categories: light hydrocarbon streams recycled from refineries; natural gasoline produced at natural gas liquids fractionators; and imports to North America of natural gasoline.
- Of these three supply categories, recycled streams from refineries are expected to comprise the major source of supply to the Project, supplemented by additional natural gasoline volumes as necessary.

- The estimated total potential Diluent supply volume from recycled refinery streams and natural gasoline is 71,500 m³/d (450,000 bbl/d).

4.3 Diluent Market

Enbridge's assessment of the Diluent market took into consideration industry crude oil and local condensate production forecasts, anticipated volumes of heavy crude and raw bitumen production requiring dilution, and industry drivers for access to a new Diluent supply. A copy of CAPP's *2006 Canadian Crude Oil Production and Supply Forecast* is attached as Appendix 4-2. Enbridge identified that:

- (a) Underpinning an assessment of market for the volumes of Diluent being supplied by the Southern Lights Project are the generally accepted Western Canadian Sedimentary Basin (WCSB) oil sands raw production forecasts. EPI's forecast is similar to NEB and CAPP forecasts in identifying more than 312,000 m³/d (1,963,000 bbl/d) of increased production over the next 10 years. A copy of EPI's forecast is also attached in Appendix 4-2;
- (b) Of this increase, the 2006 CAPP *Canadian Crude Oil Production and Supply Forecast* indicates that, absent a pipeline importing condensate, raw bitumen supply in the Syn-Bit stream, net of forecast production for upgrading, grows from the 2006 estimated levels of 9,100 m³/d (57,000 bbl/d) to 83,000 m³/d (522,000 bbl/d) by 2010, increasing to 117,300 m³/d (738,000 bbl/d) by 2015;
- (c) CAPP forecasts declining total supplies of natural gas condensates;
- (d) Railed Diluent imports into the WCSB are increasing according to Statistics Canada; and
- (e) Depending on choices of blend stock made by industry (synthetic crude, light crude, Diluent) and based on an attractive 30%/70% Diluent/bitumen average blend ration, imported Diluent demand could range up to 35,600 m³/d (224,000 bbl/d) by 2010, and could range up to 50,300 m³/d (316,000 bbl/d) by 2015.

Given these positive indicators of the potential Diluent market, confirmed by firm long-term shipping commitments on the pipeline, and wide industry support as evidenced by the CAPP support letter, Enbridge concludes that there is a strong market for importing Diluent by pipeline into the WCSB Diluent market.

4.4 Transportation Services Agreements

The Canadian Transportation Services Agreement (“TSA”) for Diluent transportation service on the Line 13 Reversal is provided in Appendix 4-3. The TSA was developed through negotiations with potential shippers.

An open season process to solicit binding shipper commitments was conducted between May 30 and July 14, 2006. The Notice of Open Season and associated press releases are provided in Appendix 4-4.

As a result of the open season, TSAs were submitted for in excess of the available Line 13 Reversal capacity and were prorated to 162,000 bbl/d, in order to retain a minimum volume of 10% of initial capacity (18,000 bbl/d) for Uncommitted Volumes. Since then, there have been terminations of commitments totalling 85,000 bbl/d, with the result that there are currently Committed Volumes of 77,000 bbl/d. Despite these terminations, the remaining Committed Shippers have confirmed that they remain committed to the Project and are bound by the executed TSAs. Recognizing that the Open Season conducted in the spring/summer 2006 resulted in apportioning commitments, and based on the number of enquiries by potential Committed Shippers, Enbridge is currently providing an opportunity for new parties to become Committed Shippers on the SLP, up to an additional 85,000 bbl/d of commitments.

4.5 Engineering, Construction and Operations

EPI on behalf of ESLLP has prepared an engineering report describing the engineering design, construction and operation of the Line 13 Reversal. The engineering report is provided in Appendix 4-5.

Delivery connections are planned to be constructed at Kerrobert, Hardisty and Edmonton with EPI and multiple third parties.

4.6 Line 13 Land Rights

EPI presently holds the land interests under easements in the EPI Mainline pipeline which extends from EPI's Edmonton terminal located in the SE $\frac{1}{4}$ 5-53-23-W4M., Alberta, to the Canada/US border near Gretna in the SE $\frac{1}{4}$ 4-4-1-WPM., Manitoba. Line 13 is located within the easement right-of-way granted to EPI for its Mainline pipeline. EPI will grant to Enbridge Southern Lights LP the licence, right and interest for the Line 13 right-of-way for a width of 1.5 metres on either side of the centre line of Line 13 for the purpose of operating, maintaining and repairing Line 13. Included will be the right of ingress and egress over the EPI right-of-way to and from Line 13.

The Transfer is as described in Section 3.0 of the Application and the Transfer Agreement is attached as Appendix 3-1.



4.7 Capital Cost Estimate

The estimated capital costs of the Line 13 Reversal (not including the acquisition costs) are provided in Table 4-1.

Table 4-1: Estimated Capital Cost for Line 13 Reversal

CAD \$ Million	Land	Pipeline	Pipeline Construction	Facilities	TOTAL
Line 13 Reversal	--	--	--	\$44	\$44

4.8 Financing

The financing for the Project will be obtained through a combination of non-recourse third party project financing for 70% of the Project costs, supplemented by equity funding from Enbridge Inc., the parent company of EPI and ESLLP, for the remaining 30% of the Project costs. Enbridge Inc. is a diversified energy company with assets in excess of CAD\$18 billion as of December 31, 2006. With its diversified earnings base and strong history of financial performance, Enbridge Inc. enjoys ready access to funding in both the public and private capital markets. Enbridge Inc. will source the equity funding requirements for the SLP from internally generated cash flow and capital market transactions.

The use of non-recourse project financing for the SLP underpins Enbridge's expectation that the financing of this Project will not have any adverse effect on the financial risk of any of its other wholly owned regulated operations.

During the initial phase of the Project, Enbridge Inc. will provide a guarantee to third party lenders in order to secure a stand-alone interim credit facility for ESLLP to provide debt funding until the Project has received the necessary regulatory approvals to proceed with major construction. At that time, all borrowings on the interim credit facility would be repaid by the non-recourse third party project financing credit facility and the associated guarantee from Enbridge on the interim facility would be cancelled.

ESLLP borrowings will provide the source of debt financing for the Diluent Pipeline Project and Capacity Replacement Projects' construction.

4.9 Types of Service

ESLLP will become the owner of the reversed Line 13 and will offer Diluent transportation service from the receipt point located on the United States / Canada border near Grenna to Kerrobert, Hardisty and Edmonton. ESLLP is referred to as the "Carrier" in respect of its service arrangements with shippers.

ESLLP will offer two types of service on the reversed Line 13. The first type of service is provided to those shippers that have executed a TSA with ESLLP as a result of the open season that commenced on May 30, 2006 or the additional commitment opportunity for transportation service on Southern Lights currently being afforded (see also Section 4.4).

Each TSA provides for the transportation of a stated daily volume (Committed Volume) for an initial term of 180 calendar months (15 years). Shippers, which have executed a TSA, are referred to as a "Committed Shipper".

The second type of service is available to those shippers that have not entered into a TSA (an Uncommitted Shipper) and to Committed Shippers for volumes of Diluent received by Carrier in a month, that are in excess of the Committed Shipper's Committed Volume under its TSA.

There will be a separate toll established for service provided for Committed Volumes (Committed Toll) and for service provided for Uncommitted Volumes (Uncommitted Toll).

4.10 Toll Estimates

The levels of the Committed Toll and the Uncommitted Toll will each depend on both the level of the Committed Volume and the volumes that will be shipped by Uncommitted Shippers. As the level of the Committed Volume will not be confirmed until after March 31, 2007, it is premature to provide illustrative tolls for the Line 13 Reversal at this time. Subsequent to the determination of the level of the Committed Volumes, ESLLP will provide sample toll calculations for both the Committed Toll and the Uncommitted Toll.

4.11 Tariff

The Proforma Rules and Regulation Tariff for Diluent service on the reversed Line 13 (the Diluent Tariff) is provided in Appendix 4-6. The Diluent Tariff is also attached as Schedule "C" to the TSA (see Appendix 4-3).

ESLLP is requesting that the Board approve the Diluent Tariff.

The Diluent Tariff addresses usual items which are contained in a liquids pipeline tariff including:

- quality specifications;
- equalization adjustments;
- tenders and nominations;
- payment and Carrier's lien;

- measuring, testing and deductions;
- delivery and acceptance;
- liability of Carrier;
- indemnification by Shipper;
- priority of service and apportionment;
- adverse claims; and
- financial assurances.

The Diluent Tariff also incorporates a Diluent Acceptance Practice and Equalization Practice that was developed by ESLLP in conjunction with shippers during the negotiations.

The Diluent Tariff provides that each Committed Shipper will have unapportioned access to Annual Capacity on the Line 13 Reversal for a volume equal to the Committed Volume which is set out in that Committed Shipper's TSA. This priority access is appropriate given the long term (15 year) ship or pay commitment assumed by the Committed Shippers. Without this long-term commitment the Southern Lights Project would not proceed.

4.12 Negotiated Tolls

ESLLP and each Committed Shipper have contractually agreed on a method for the calculation of tolls for service on the Line 13 Reversal. The negotiated tolling parameters of the Line 13 Reversal are referred to as "Toll Principles" and are set out in Schedule "B" to each TSA (see Appendix 4-3). Each Committed Shipper has contractually agreed to support tolls for the Line 13 Reversal that are calculated in accordance with the Toll Principles.

The Toll Principles are an essential element of the contractual relationship between ESLLP and each Committed Shipper. Agreed upon Toll Principles provide a level of certainty to each of the Committed Shippers and to ESLLP in respect of the tolls to be charged over the initial 15 years of operation of the Line 13 Reversal.

4.13 Approval of Toll Principles

ESLLP is seeking approval under Part IV of the *NEB Act* to establish the tolls for the Line 13 Reversal in accordance with the terms and procedures detailed in the Toll Principles. Table 4-2 summarizes the key Toll Principles for the Line 13 Reversal.

Table 4-2: Summary of Key Toll Principles for the Line 13 Reversal

Topic	Principle
General	<ul style="list-style-type: none"> • tolls will be established on a full cost of service basis; • tolls for any calendar year will be subject to an adjustment to be made after the end of such calendar year to reflect differences between the estimated cost of service and the actual cost of service, revenues from Uncommitted Tolls and power savings for volumes of Diluent which are not transported all the way to Edmonton; • a Committed Toll which reflects power savings associated with different delivery points; • Uncommitted Toll equal to twice the Committed Toll; and • the determinants to be used for establishing the Committed Toll for each calendar year will be the aggregate of the Committed Volumes of all Committed Shippers for such calendar year.
Rate Base	<ul style="list-style-type: none"> • the Rate Base will consist of capital costs and an allowance for working capital and is net of accumulated depreciation; • the capital costs will include: the cost of acquiring Line 13 from EPI; the costs incurred by ESLLP in respect of the Line 13 Reversal; all development costs associated with the Line 13 Reversal and the Capacity Replacement Project; and all costs associated with the transfer of Line 13; • all standby commitment and credit facility fees incurred by ESLLP in connection with debt financing the costs of the Southern Lights Project; and an allowance for funds used during construction (AFUDC); and • AFUDC will be calculated based on the deemed capital structure, a base return on equity of 12% and the project debt interest rate.
Return on Rate Base	<ul style="list-style-type: none"> • the deemed capital structure will utilize a 70% debt component and a 30% equity component; • the cost of debt for each calendar year will be the weighted average of the market based interest rates borne in connection with debt financing of the project; • the return on equity will be between 10% and 14% depending on the variance between the actual capital costs for the project and a September 2006 estimate of such costs; • the base annual rate of return of 12% can be reduced down to as low as 10% if the actual costs exceed the estimate by 40% or more or increase to as high as 14% if the actual costs are less than the estimate by 40% or more. The sliding scale adjustments to the base rate of return are set



Topic	Principle
	<p>out in Appendix 1 of Schedule “B” of the TSA (see Appendix 4-3 of this Application); and</p> <ul style="list-style-type: none"> the Return on Rate Base will be the aggregate of the debt return, calculated as the product of the cost of debt, the debt component of the capital structure and the average rate base for the year, and the equity return, calculated as the product of the equity rate of return, the equity component of the capital structure and the average rate base for the year.
Allowance for Working Capital	<ul style="list-style-type: none"> an allowance for working capital equal to one-twelfth of the annual Operating Expense will be included in the Rate Base.
Depreciation Expense	<ul style="list-style-type: none"> a depreciation expense in respect of all amounts included in the Rate Base (except for the allowance for working capital) will be recovered by ESLLP; the depreciation expense will be calculated utilizing an escalating depreciation rate from 1.53% in Year 1 to 6.08% in Year 15 as set out in Schedule "D" to the TSA; and the depreciation expense will result in the recovery of 60% of the capital cost of the project over the initial 15 year term of the TSA's.
Income Tax Allowance	<ul style="list-style-type: none"> an income tax allowance will be determined as if ESLLP was a stand-alone pipeline transmission company, carrying on business in Alberta, Saskatchewan and Manitoba and paying taxes calculated on a flow through methodology; income tax allowance will reflect Capital Cost Allowance on a deemed basis based on the Capital Cost Allowance that would otherwise be determined if the capital expenditures incurred for the Capacity Replacement Project had been undertaken by ESLLP net of the Capital Cost Allowance deemed to have been included in calculating the Capacity Replacement Surcharge during the Interim Period.
Operating Expense	<ul style="list-style-type: none"> the actual operating costs incurred by ESLLP in operating the Line 13 Reversal will be recovered; operating expenses for the Line 13 Reversal will also include all incremental power and incremental DRA costs incurred by EPI in respect of the Capacity Replacement Project as described in the CAPP Support Letter; and the operating expense will also include all municipal, property, capital and other taxes other than income taxes.
Uncommitted Toll	<ul style="list-style-type: none"> the Uncommitted Toll will be twice the amount of the Committed Toll.
Annual Adjustment	<ul style="list-style-type: none"> after the end of each calendar year ESLLP will calculate and recover from or refund to each Committed Shipper and each Uncommitted Shipper an adjustment amount in respect of



Topic	Principle
	<p>Uncommitted Shipper an adjustment amount in respect of shipments of Diluent made by each shipper during the previous calendar year; and</p> <ul style="list-style-type: none"> • the adjustment will include: <ul style="list-style-type: none"> - amounts to address Power Cost Savings attributable to deliveries of Diluent at delivery points located upstream of Edmonton during the previous calendar year; - a certain percentage of all revenues attributable to the shipment of Uncommitted Volumes during the previous calendar year, which percentage is 100% for any Uncommitted Volume below the aggregate of 162,000 bbl/d of Uncommitted plus Committed Volumes, and 75% for all remaining Uncommitted Volumes; and - any difference between the amounts received by ESLLP in respect of the Committed Volumes and the appropriate percentage share of the amounts received by ESLLP in respect of the Uncommitted Volumes and the actual Cost of Service in respect of such previous year.

5 CAPACITY REPLACEMENT PROJECT

5.1 Overview

EPI will undertake the Capacity Replacement Project, comprised of the LSr Pipeline and the Line 2 Modifications, in order to replace the loss of southbound crude oil capacity on the EPI Mainline system resulting from the transfer of Line 13 to northbound Diluent service.

The LSr Pipeline facilities in Canada will include:

- approximately 286 km of new 508 mm OD (NPS 20) pipeline from Cromer to the Canada / United States border near Gretna, Manitoba;
- additional pumping facilities at three existing EPI pump stations;
- valves and fittings along the LSr Pipeline; and
- scraper trap facilities at Cromer.

The LSr Pipeline will have an Annual Capacity of 29,500 m³/d (186,000 bbl/d)

The Line 2 Modifications in Canada will include:

- installing larger pumps and motors at 17 existing pump stations on Line 2; and
- adding, relocating or recommissioning DRA skids at 22 of the Line 2 pump stations.

The Line 2 Modifications will increase the Annual Capacity of Line 2 between Edmonton and the Canada / United States border to 70,300 m³/d (442,000 bbl/d).

5.2 Engineering, Construction and Operations

EPI has prepared an engineering report describing the engineering design, construction and operation of the Capacity Replacement Project. The engineering report is provided in Appendix 5-1.

Line 2 is currently connected to facilities which can take away the total increased capacity.

The LSr Pipeline will be connected to existing Enbridge Pipelines (Southern Lights) LLC facilities at Clearbrook, Manitoba which will take away the full capacity of the LSr Pipeline.



5.3 Capital Cost Estimate

The estimated capital costs of the LSr Pipeline and Line 2 Modifications are provided in Table 5-1.

Table 5-1: Estimated Capital Cost for Capacity Replacement Project

CAD \$Million	Land	Pipeline	Pipeline Construction	Facilities	TOTAL
Line 2 Modifications	-	-	-	\$42	\$42
LSr Pipeline	\$12	\$55	\$174	\$56	\$298
TOTAL	\$12	\$55	\$174	\$98	\$340

5.4 Financing

As described in Section 4.7, EPI will access third party debt raised by ESLLP and equity from Enbridge Inc. such that the Capacity Replacement Project will have a debt/equity ratio of 70/30 during construction and during the Interim Period (see Section 5.6).

As of the Closing Date, the proceeds from the transfer of Line 13 will be offset against the then net book value of the Capacity Replacement Project, thereby completely mitigating any impact of the Capacity Replacement Project on the Canadian Mainline rate base. The proceeds from the transfer of Line 13 will be used to repay all debt and equity funds raised to fund the Capacity Replacement Project thereby completely mitigating any impact of the Capacity Replacement Project to the Canadian Mainline capital structure (see Sections 5.6 and 5.7 for further information).

5.5 Lands Information

5.5.1 No New Lands Required for the Line 2 Modifications

The Line 2 Modifications involve the addition of DRA skids at existing Line 2 pump stations as well as the replacement of pumps and motors at existing Line 2 pump stations. All work will be conducted within the existing EPI pump station sites and no new lands will be required for the Line 2 Modifications.

5.5.2 Lands Information for the LSr Pipeline

The LSr Pipeline involves the construction of a new 286 km pipeline from Cromer to the Canada / United States border near Gretna, Manitoba. In order to construct, operate and maintain the pipeline and facilities for the LSr Pipeline, land must be acquired from private landowners and the Crown in Manitoba. The total land area required for the LSr Pipeline is shown in Table 5-2. The locations of Crown Lands are shown in Table 5-3.

Table 5-2: Estimated Land Area Required for the LSr Pipeline

Facility	Area (ha)
Permanent right-of-way	377
Temporary workspace	697
Total Area	1,074

Table 5-3: Crown Land Locations

Location (KP)	Legal Location
974.5 to 974.6	NE 11-27-9 WP
1006.2 to 1006.5	SE 36-8-24 WP
1011.6 to 1011.6	N1/2 28-8-23 WP
1190.4 to 1190.7	NE 9-3-6 WP

5.5.2.1 New Permanent Right-Of-Way for the LSr Pipeline

The new pipeline construction will be within or alongside and contiguous to EPI's existing right-of-way for 97% of its entire length. The objective is to achieve a consistent permanent right-of-way width of 36.6 metres along the LSr Pipeline route. The width of the new permanent right-of-way to be acquired will vary in order to create a contiguous 36.6 metres right-of-way along the length of the LSr Pipeline that is contiguous to existing right-of-way. The estimated area required for the permanent right-of-way for the LSr Pipeline is 377 ha.

5.5.2.2 Temporary Workspace for the LSr Pipeline

In addition to the anticipated new 18.3 metres of permanent right-of-way to be acquired for the LSr pipeline, EPI requires temporary workspace that would be adjacent to the new and existing right-of-way and would be approximately 22 metres in width. The total width of the permanent right-of-way and temporary workspace required for construction would be about 40 metres. In the event that EPI is able to co-construct the LSr pipeline with other EPI projects, EPI would require five metres of temporary workspace that would be adjacent to the new and existing right-of-way. The total width of right-of-way and workspace would then generally be between 40 and 50 metres. For further details, see Appendix 5-1.

5.5.2.3 No New Lands Required for the LSr Pumping Facilities

The new pumping facilities for the LSr Pipeline will be located at three existing EPI pump stations located at Cromer, Glenboro and Manitou. All work will be conducted within the existing EPI pump station sites at these locations and no new lands will be required for the new pumping facilities for the LSr Pipeline.

5.5.2.4 Valve Sites for the LSr Pipeline

Twelve valve sites are required for the LSr Pipeline, all built within the boundaries of the permanent right-of-way utilized or acquired for the Project. The total land needed for valve sites is estimated at 0.5 ha. A preliminary list of block valve locations are illustrated in Appendix 5-1, Engineering, Construction and Operation, Table A-3: LSr Pipeline. EPI intends to enter into surface lease agreements with affected landowners or occupants in relation to these valve sites.

5.5.2.5 Other Requirements

Land will also be required for construction infrastructure such as stockpile sites. The specific requirements for such lands will be identified during the construction planning and detailed engineering process. The estimated requirements for construction infrastructure is a total of 10 ha required for two stockpile sites. No new land is anticipated for power lines as existing infrastructure will be utilized.

The proposed LSr Pipeline will cross linear facilities including rivers, roads, highways, powerlines, railways, oil and gas pipelines, and other utilities. EPI will design its pipeline and obtain consents from each third party owner of the linear facilities in accordance with requirements of applicable legislation.

5.5.2.6 Departures From Existing Right-Of-Way

EPI proposes one material departure from existing right-of-way. This would occur at kp 1074 + eight kilometres located at the Souris River valley (near Wawanesa). This proposed departure from the existing right-of-way will address the concerns raised by the land survey which identified a farmyard and residence near the original route.

5.5.3 Land Rights

EPI intends to obtain all necessary land rights by negotiating directly with the registered owners of the land for the necessary rights to construct, operate and maintain the LSr Pipeline. Based upon the current pipeline routing, the number of private landowners in Manitoba is estimated to be 365 and the number of tenants is estimated to be 277.

5.5.4 Section 87 Notices

Notices will be served on owners of lands required in connection with the LSr Pipeline in accordance with Section 87(1) of the *NEB Act*. Notices will describe the lands required, the compensation offered and all other details as required by the *NEB Act*. Along with this notice, landowners will receive a copy of the Board publication titled *Pipeline Regulation in Canada: A Guide for Landowners and the Public*. A sample copy of the notice to be served on owners of land pursuant to Section 87(1) of the *NEB Act* is included in Appendix 5-2. A detailed project route map over the lands of each particular landowner will accompany these notices.



5.5.5 Land Acquisition Process

Project land acquisition will comply with the provisions and regulations of the NEB, including Section 87 of the *NEB Act*. EPI will work with landowners to apprise them of the likely impacts of construction and negotiate fair and reasonable compensation in the form of direct reclamation or monetary equivalent. In special or commercial situations, EPI may consult an appropriately qualified professional to assess potential impacts and to provide advice to resolve reclamation procedures and quantify fair and reasonable compensation.

Disagreements with landowners as to land rights or the amount of compensation to be paid for the acquisition of lands, if not settled through direct negotiations, will be addressed in accordance with the negotiation or arbitration procedures set out in the *NEB Act*. The land acquisition agreements to be used by EPI for the LSr Pipeline will also adhere to Section 86(2) of the *NEB Act*, including:

- EPI will pay landowners for permanent and temporary right of way;
- EPI will review, with the landowner, the amount of compensation paid for permanent right-of-way; and
- EPI will indemnify landowners for damages caused by its operations.

EPI land agents have met with and acquired environmental survey consents from the majority of landowners and occupants of the lands directly affected by the LSr Pipeline. To date, no notices pursuant to Section 87(1) of the *NEB Act* have been served on landowners. It is expected that the land acquisition process will begin mid March 2007 and is expected to be completed by May 2008 as noted below:

Table 5-4: Land Acquisition Activities

Dates	Activities
October, 2006 to March, 2007	Title Search, Line Lists, Survey Consents, Appraisals, Land Occupancy and Use Report, preparation of Section 87(1) notices and land acquisition documents.
March, 2007 to May, 2008	Land acquisition, includes serving of the Section 87(1) notices, acquisition of easements, permits and preparation of construction line list.
Prior to Construction 2008	Filing the line list, demonstrating that necessary land rights have been acquired.

If and when a Certificate of Public Convenience and Necessity has been issued for the LSr Pipeline, EPI will prepare and submit to the NEB a Plan, Profile and

Book of Reference for the LSr Pipeline. In addition, notices will be served pursuant to Section 34(1) of the *NEB Act*, on all owners of lands proposed to be acquired for the LSr Pipeline.

5.5.6 Land Acquisition Agreements

In addition to the sample Section 87(1) Notice, samples of the following land acquisition and use agreements are attached in Appendix 5-3: easement agreement and agreement for temporary working space.

5.6 Interim Period Tolling for the LSr Pipeline and the Line 2 Modifications

As previously indicated the LSr Pipeline and the Line 2 Modifications will be in service prior to the transfer of Line 13 from EPI to ESLLP. The Capacity Replacement Project is expected to provide additional Mainline Annual Capacity by the end of 2008. Accordingly, it will be necessary for EPI to provide for a toll for the use of the Capacity Replacement Project facilities between the date that they are placed into service and the Closing Date when the transfer of Line 13 will occur. This period of time is referred to in this Application as the "Interim Period." The projected Closing Date is December 31, 2009 but in any event will occur no later than July 1, 2010.

During the Interim Period, EPI's Mainline system shippers will have access to both the Line 13 Annual Capacity and the Replacement Capacity for southbound crude oil movements. In the CAPP support letter, CAPP has agreed that the operating and capital costs associated with the Capacity Replacement Project facilities during the Interim Period would be borne by EPI's Mainline shippers. Before the facilities go into service, EPI will file a tolls application pursuant to Part IV of the *NEB Act* to recover these costs during the Interim Period.

5.7 Tolling Post Interim Period

EPI's objective is to design and effect the transactions relating to the construction of the LSr Pipeline and Line 2 Modifications and the transfer of Line 13 in such a manner as to be financially neutral to the Canadian Mainline shippers by ensuring that there is no net change to the Canadian Mainline rate base. This is accomplished by effecting the transfer of Line 13 at the aggregate of the net book values of the LSr Pipeline and Line 2 Modifications at the closing date and offsetting the sale proceeds against the net book value of Canadian Mainline capital assets. In this fashion EPI ensures that the construction of the LSr Pipeline, the Line 2 modifications and the transfer of Line 13 have no net impact on the Canadian Mainline rate base.

The proceeds of the Line 13 transfer are used to repay all debt and equity financing amounts incurred in the construction of the LSr Pipeline and Line 2 Modifications. In this fashion EPI also ensures that the capital structure of the Canadian Mainline is also maintained at the appropriate level for the rate base.

Therefore, as there is ultimately no net change in EPI's rate base or capital structure the toll on EPI's Mainline is unaffected.

Certain benefits will also accrue to the Canadian Mainline Shippers after the Interim Period, as outlined below. The first of these additional benefits is derived from EPI agreeing to flow through 100% of any net efficiency gains realized by EPI through the transfer of Line 13 and EPI's role in the on-going operation of the Southern Lights Diluent Pipeline. Under the cost performance sharing principles of the 2005 ITS, such efficiency gains realized by EPI would ordinarily have been shared 50/50 with Canadian Mainline Shippers. The second benefit arises from the handling of any incremental revenue from the alternative use of Line 2 breakout tankage at Cromer. These benefits can be summarized as follows:

- 100% of net operating cost savings in EPI resulting from this Project will be flowed through to Canadian Mainline shippers; and
- in the event revenue is generated from alternate uses for the idled Line 2 breakout tanks at Cromer, 100% of revenue will be flowed through to Canadian Mainline shippers.

6 PUBLIC CONSULTATION AND ABORIGINAL ENGAGEMENT

Although public and Aboriginal consultation will continue throughout the Project, the information presented in this Section reflects such consultation up to February 1, 2007. The public consultation program will be described in Section 6.2 and the Aboriginal consultation program will be described in Section 6.3. Note that Aboriginal communities were included in the public consultation efforts and, therefore, throughout Section 6.2, Aboriginal aspects of the public program are included.

6.1 Overview

Enbridge is committed to timely and meaningful dialogue with all stakeholders, including indigenous peoples, landowners and communities. Through its public consultation and Aboriginal engagement programs, information has been provided on the proposed Project to stakeholders and considered input received. Where possible and practical, changes have been made to Project design and routing.

Public consultation and Aboriginal engagement programs will be ongoing throughout the life of the Project. Updates will be provided to regulatory authorities, as may be appropriate.

6.2 Public Consultation

6.2.1 Public Consultation Program Principles and Goals

The public consultation program for the Project is based on regulatory requirements and Enbridge's Corporate Social Responsibility ("CSR") Policy (See Appendix 6-1). The CSR Policy recognizes the value and importance of public consultation and stakeholder engagement as a key component of sound business practice. Public consultation for the Project therefore has been guided by the following principles:

- Stakeholders will be informed early in the process about Enbridge's proposed activities;
- Enbridge will seek stakeholder input on projects or activities potentially affecting them and on the associated environmental and social impact assessments;
- Enbridge will engage stakeholders early in the development and planning process to learn about community goals and perspectives, and take those into account in decision-making;

- Stakeholder consultation processes will be transparent and open;
- Enbridge will endeavour to learn about and respect local, historical and traditional knowledge and economies; and
- Enbridge will develop and maintain ongoing dialogue with stakeholders through all project stages to increase knowledge of the effects of its business activities, develop balanced standards and expectations, and seek solutions to identified concerns.

6.2.2 Aboriginal Consultation Protocol

Where applicable, Enbridge carries out Aboriginal consultation programs for its proposed projects to facilitate a shared understanding of mutual interests and potential project effects and to develop appropriate courses of action. Appropriate notification and consultation also support achievement of Enbridge's corporate policies and the principles set out in Enbridge's Indigenous Peoples Policy (See Appendix 6-2), while also ensuring compliance with regulatory requirements. In keeping with our Indigenous Peoples Policy, where appropriate, Enbridge collects information about, and acts on, traditional use and traditional knowledge information in close consultation with Aboriginal community leaders and elders. For detailed information on the Aboriginal consultation program for this Project, please see Section 6.3.

6.2.3 Design of the Public Consultation Program

6.2.3.1 Public Consultation Program Scope

The scope and type of all consultation processes differ, depending on the nature of the Project, the particular goals, time frames and levels of stakeholder concern or interest in a proposed project or other matter of public interest. Such variables affect consultation program design. In designing the Southern Lights public consultation program, the anticipated stakeholder impacts of the Project were assessed to determine expected levels of public interest or concern. The nature and type of the work proposed was also taken into account:

- The Line 13 Reversal component comprises pump station modifications and the installation of DRA skids at existing pump stations with no new pipeline construction or right-of-way required;
- Line 2 Modifications consist of replacement of certain pumps and motors and installation of DRA skids, all on existing pump station sites. As with the Line 13 Reversal, no new pipeline construction or right-of-way is required; and
- The Canadian portion of the new light sour crude oil pipeline (running from Cromer, Manitoba to the Canada / United States border near Gretna, Manitoba) is predominantly located within, or adjacent and contiguous to, existing Enbridge right-of-way. Of the pipeline's 286 km of right-of-way in

Canada, only approximately eight km of new right-of-way is required (near the Souris River valley (near Wawanesa)).

The consultation program design reflected Enbridge's assessment that the Project's public impacts with respect to construction noise, dust, traffic and disruptions due to equipment movement would be comparatively low. This assessment is particularly applicable to the Line 13 Reversal and Line 2 Modifications, which are to take place within existing Enbridge right-of-way and property.

While calibrated accordingly, the consultation program was nonetheless comprehensive and included a variety of public notification and engagement measures to ensure that the activities undertaken aligned with Enbridge principles and achieved its objectives.

6.2.3.2 Joint Activities with the Alberta Clipper Pipeline Project

The design of the public consultation program for the Project took into account the consultation program for another Enbridge project that is subject to a separate NEB application - the Alberta Clipper Pipeline project¹. Numerous stakeholders are common to both Projects, given the Projects' overlapping timelines and similar geographical footprint. As a result, most aspects of both Projects' consultation programs were carried out jointly, primarily to increase clarity and convenience for program participants. The joint activities provided information about both Projects through a combination of correspondence, communication materials and community open house meetings.

6.2.3.3 Public Consultation Program Objectives

The Project-specific public consultation program was designed and implemented to ensure all parties that may be directly or adversely affected by the Project were engaged early and were provided with detailed and timely project information.

The consultation program was also designed to ensure that interested parties had sufficient opportunity to respond with comments, questions or concerns, and, if they so chose, to meet in person with Enbridge representatives to discuss issues or obtain further information. Other objectives of the consultation program include:

- identify all key stakeholders in accordance with regulatory requirements, including any potentially affected First Nations or Métis interests;
- utilize personal consultations and public notification to effectively reach stakeholders and provide them sufficient opportunity to learn about the Project and, if desired, provide input to the Project planning and environmental assessment process;

¹ Alberta Clipper is a proposed crude oil pipeline providing service between Hardisty, Alberta, and Superior, Wisconsin (U.S.). This 1,609-km pipeline has been proposed to shippers to address expected capacity constraints and pending regulatory approval can be in service as early as late 2009.

- provide identified stakeholders advance notification and information about the Project and, as events require, updated information in the time leading up to the application filing;
- identify stakeholders' issues of interest, provide the means for comment and input and, where possible, address concerns raised;
- document issues raised throughout the consultation program, and how they were considered and incorporated into Project planning; and
- explore ways in which the Project may be able to contribute positively to surrounding communities.

6.2.3.4 Complement to Existing Public Awareness Program

The consultation program was also designed in the context of, and to complement, the Public Awareness Program already in place relating to Enbridge's existing pipeline operations. The Public Awareness Program involves dialogue at least once every three years with the landowners and occupants along the right-of-way. During these discussions, the landowners and tenants are provided with information relevant to owning or residing on land through which a pipeline right-of-way runs. While the materials left behind vary, the information consistently covers pipeline safety and integrity, what to do (and not do) in an emergency, knowing the warning signs, smells, and sounds that may be associated with a pipeline leak, Enbridge's environmental protection practices, and general information about easement agreements and having a pipeline right-of-way on one's property.

During our nearly 60-year operating history Enbridge has established positive relationships with those living and working near our pipelines systems. As a result of the long operational history and ongoing communication programs, Enbridge is well known to most of those living and working along the Southern Lights Pipeline route. This long-standing awareness and the many existing stakeholder relationships Enbridge has developed along the right-of-way helped facilitate effective Project communications and consultation.

6.2.3.5 Stakeholder Identification

Enbridge identified a range of stakeholder interests in designing the public notification and consultation process for the Project, including individuals, groups, communities, non-governmental organizations, and government agencies and authorities potentially affected by, or with the ability to affect, the Project in a material or substantive way. The potentially affected persons and groups to be notified and consulted therefore included landowners and tenants in proximity to the locations and rights of way areas where Project work is proposed. Landowners and tenants within 200 metres of existing Enbridge right-of-way or proposed right-of-way were contacted. The 200-metre contact radius was established as being an appropriate distance from the existing and or proposed right-of-way to ensure all directly affected landowners and tenants were reached. The stakeholder identification process was also supported with input from

Enbridge's Government Relations, Aboriginal Affairs and Land and Right-of-Way groups. As additional stakeholders were identified or came forward during the consultation process they were included in the consultation program.

6.2.3.6 Methods and Timing of Consultation

Enbridge employed the consultation methods determined to be the most appropriate to the scope of the Southern Lights Project and its potential impacts, the environmental and socio-economic character of the areas where work is proposed, and the information needs and consultation interests of each stakeholder. As a result of these considerations, it was Enbridge's judgment that the appropriate consultation methods to be used included Project notification and information mailings, personal contacts (primarily with potentially affected landowners, government authorities and Aboriginal groups), a toll-free Project telephone line, web site communications, and a series of community open houses. In all cases, the identified stakeholder interests and their information needs were the focus of the consultation methods used.

The open houses were held jointly to share information on both the Southern Lights and Alberta Clipper Projects. Enbridge recognized that it would be more convenient for landowners and other local stakeholders to attend a single open house for both Projects rather than two separate open houses. A single open house also seemed practical and more informative for landowners, since almost all of the pipeline construction work for the Canadian portion of both Projects is proposed to occur in or alongside and contiguous to the existing Enbridge Mainline right-of-way, within similar regulatory and construction timelines.

Public notification began in September 2006, with mail-out of a letter to landowners on the Project. The primary purpose of the letter (see Appendix 6-3), was to advise recipients regarding the proposed Southern Lights and Alberta Clipper Projects and notify them of upcoming land survey work within, adjacent to, or nearby Enbridge's existing right-of-way, the potential need for new right-of-way, and temporary construction workspace.

A number of other mailings, telephone calls, in-person contacts and community open houses were also carried out subsequently as part of the public notification and consultation program, from September 2006 through to the time this Application was filed. All the consultation program activities were focused on the stakeholder interests that had been identified. Details of the consultation program implementation and associated activities are provided in Section 6.2.4. Enbridge will continue its stakeholder consultation and communications throughout the Project.

6.2.3.7 Stakeholders' Information Needs

Enbridge's assessment of stakeholders' information needs indicated that detailed information about the proposed Project construction work and its timing was required. Other information needs included an outline of the reasons for the Project, NEB and regulatory process information, environmental management information, and how stakeholders could obtain more information and become

involved in the consultation and regulatory processes (please refer to Sections 6.2.4 and 6.2.5 for details).

6.2.3.8 Process for Responding to Issues and Concerns

Enbridge strives to respond in a timely manner to issues and concerns brought forward by stakeholders. The process begins through in-person discussions initiated and carried on via personal meetings or through telephone calls. Written correspondence may be included as part of the process for these dialogues. Dialogues with stakeholders are aimed at resolving the concern(s) to the extent possible.

6.2.3.9 Future Consultation

As indicated in the consultation principles previously outlined, Enbridge will continue the Project public consultation and stakeholder engagement activities throughout the Project life cycle, from the development and planning, regulatory application, and construction phases through to start-up and operation of the new facilities. Once the facilities are in operation, stakeholder communications and consultation are maintained through the Public Awareness Program and our other ongoing contacts with stakeholders.

6.2.4 Consultation Program Implementation

Using the consultation program design, the following activities were undertaken: distribution of the Preliminary Information Package; mail outs of letters of notification and Project newsletters; open house advertising and community open house information sessions; web site development; toll-free message line; and the development of a stakeholder and issue database. Details of each of the consultation activities are provided below.

6.2.4.1 Preliminary Information Package Distribution

The Preliminary Information Package for the Project was sent electronically on November 14, 2006, followed by a hardcopy by mail, to the following Government Agencies:

- National Energy Board;
- Canadian Environmental Assessment Agency (Head Office); and
- Canadian Environmental Assessment Agency (Alberta and Northwest Territories Office).

The Preliminary Information Package was also sent to the following Aboriginal groups by registered mail on December 20, 2006:

Table 6-1: Aboriginal Groups Provided Preliminary Information Package

Birdtail Sioux Dakota Nation	Pasqua First Nation #79
Ochapowace First Nation	Peepeekisis First Nation
Canupawakpa Dakota Nation	Pheasant Rump Nakota First Nation
Battlefords Tribal Council	Piapot First Nation
Dakota Ojibway Tribal Council	Poundmaker First Nation
Ermineskin Tribe	Roseau River Anishinabe First Nation
Federation of Saskatchewan Indian First Nations	Sakimay First Nation
Kahkewistahaw First Nation	Samson Cree Nation
Little Black Bear Band	Sioux Valley Dakota Nation
Louis Bull	Muscowpetung First Nation
Manitoba Métis Federation SW Region	Swan Lake First Nation
Métis Nation of Alberta Region 2	White Bear First Nation
Long Plain First Nation	Whitecap Dakota First Nation
Métis Nation Saskatchewan Southeast Region 3	Carry The Kettle First Nation
Montana First Nation	Cowessess First Nation
Ocean Man First Nation	Dakota Plains First Nation
Swan Lake First Nation	Star Blanket First Nation
Okanese First Nation	

Recipients of the Preliminary Information Package were invited to contact Enbridge if they had any questions or concerns.

6.2.4.2 Mail Outs and Project Newsletters Distributions

Mail outs and newsletter distribution activities are described in the Table 6-2 below:

Table 6-2: Summary of Mail Outs and Project Newsletters Distributions

Date	Method	Stakeholders contacted	Purpose	Information provided
September 1, 2006	Letter sent registered mail	Landowners on the Southern Lights mailing list between Hardisty, AB and the U.S. border near Gretna, MB	To inform landowners that Enbridge representatives would be visiting to discuss land surveying process	Land survey letter which included: an overview of the Southern Lights Project; notification of upcoming land survey work; Project route map; and the NEB brochure, "A Proposed Pipeline or Power Line Project: What You Need to Know"

Date	Method	Stakeholders contacted	Purpose	Information provided
October 24, 2006	Letter sent registered mail	Municipal and provincial government representatives in AB, SK and MB	To inform municipal and provincial government representatives that information on the two new proposed Projects and the survey process was sent to members in their communities	Introductory letter from Enbridge Government Relations representative; Copy of the September 1, 2006 Land Survey Letter; Project route map; NEB brochure, "A Proposed Pipeline or Power Line Project: What You Need to Know"
October 25, 2006	Fax	Associations and ENGOs, Municipal and regional government departments	To provide information on the two new proposed Projects prior to being contacted by consultants regarding work on right-of-way	Introductory letter from Enbridge Government Relations representative; Copy of September 1, 2006 Land Survey Letter; Project route map; NEB brochure, "A Proposed Pipeline or Power Line Project: What You Need to Know"
November 14, 2006	Fax	Newly elected government officials resulting from Saskatchewan and Manitoba municipal elections	The previous government mail out (of Oct. 24) was redistributed to new government contacts as a result of the municipal elections in Saskatchewan and Manitoba in November	Introductory letter from Enbridge Government Relations representative; Copy of September 1, 2006 Land Survey Letter; Project route map; NEB brochure, "A Proposed Pipeline or Power Line Project: What You Need to Know"
November 20, 2006	Letter sent registered mail	Letters to landowners between Hardisty, AB and Gretna, MB, governments, media, other "non-property" stakeholders	To widely introduce Southern Lights and Alberta Clipper Projects and communicate the open house schedule for AB, SK and MB	Letter from Project Manager; Community open houses schedule; Project route map; NEB Brochure, "A Proposed Pipeline or Power Line Project: What You Need to Know"
November 24, 2006	Letter sent registered mail	Aboriginal interests using list compiled by Enbridge Aboriginal Affairs group (see Section 6.2.4.1)	To communicate and notify Aboriginal interests about the Southern Lights Project	Letter from Project Manager; Community open houses schedule; Project route Map; NEB Brochure, "A Proposed Pipeline or Power Line Project: What You Need to Know"
November 30, 2006	Letter sent Express Post	Letter to landowners between Hardisty, AB and Gretna, MB, Governments, Media, and other "non-property" stakeholders	To continue the information provision process	Letter from Project Manager; Enbridge <i>Corporate Social Responsibility Report 2006</i> ; Enbridge Expansions Newsletter: Volume 1

Date	Method	Stakeholders contacted	Purpose	Information provided
December 13, 2006	Letter sent Express Post	145 stakeholders who did not receive the Nov. 20 mail out due to returned mail,* including: Landowners; Media; Municipal and provincial government officials; and non-property stakeholders	To ensure no stakeholders were missed and that recipients were informed of the open houses schedule. Enbridge used a variety of means to communicate the open houses schedule in addition to the mail out: including advertising, posters and media interviews.	Apology letter regarding returned mail and resulting delay; Copy Nov. 20, 2006 letter from Project Manager; Open house schedule; Project route map; NEB Information Brochure, “A Proposed Pipeline or Power Line Project: What You Need to Know”
December 19, 2006	Mail out (registered)	Aboriginal interests (see Section 6.2.4.1)	To continue the Project information provision process	Letter form Aboriginal consultation lead; Southern Lights Preliminary Information Package
December 22, 2006	Letter sent Express Post	Landowners along the ROW between Edmonton, AB and Hardisty, AB	Landowners along ROW between Edmonton and Hardisty who were not included in previous mail outs. The purpose of the mail out was to introduce both projects to landowners.	Letter from Project Manager; Enbridge Expansions Newsletter: Volume 1; Pump station fact sheet; Enbridge expansions map; NEB Information Brochure, “A Proposed Pipeline or Power Line Project: What You Need to Know”
January 4, 2007	Letter sent Express Post	Landowners along the ROW for Southern Lights between Edmonton and Hardisty	The December 22 information was re-mailed to a second landowner address list to introduce both the Project to landowners.	Letter from Project Manager; Enbridge Expansions Newsletter: Volume 1; Pump station fact sheet; Enbridge expansions map; NEB Information Brochure, “A Proposed Pipeline or Power Line Project: What You Need to Know”
January 11, 2007	Letter sent Express Post, signature option	21 Manitoba landowners who raised issues during initial open houses	Invitation to landowners to attend meetings on Jan. 24 th and 25 th to discuss issues of interest	Letter from Enbridge Manager of Lands and Right-of-way inviting recipients to attend one of three meetings. Landowners were provided opportunity to provide input on meeting objectives, topics and format, and meeting times, dates and locations.
January 23, 2007	Letter sent regular mail	All identified landowners, media, governments, and “non-property” stakeholders	To continue the information provision process	Enbridge Expansions Newsletter: Volume 2; Pipelines Fact Sheet

6.2.4.3 Community Open House Information Sessions

Enbridge uses the community open house as a forum to discuss proposed projects personally with interested or affected landowners and stakeholders. As noted, because almost all the pipeline construction work for the Canadian portion



of the proposed Alberta Clipper and Southern Lights Pipeline Projects is to occur in or alongside and contiguous to the existing Enbridge Mainline right-of-way, and within similar regulatory and construction timelines, joint open houses were held. A total of 12 open houses were held, with locations identified based on the following criteria:

- Communities located in close proximity to the right-of-way where Project work is to occur;
- Locations where proposed Project work is to occur;
- Communities with a suitable facility to hold the event (typically communities with a population greater than 1,000);
- Communities spaced evenly along the right-of-way and close enough to one another to avoid, as much as possible, stakeholders having to undertake long drives to reach the open house nearest to them; and
- Locations suggested by Enbridge Land and Right-of-Way Department.

The following Table 6-3 provides open house dates, locations and number of registrants.

Table 6-3: Open House Summary

Open Houses Overview - Saskatchewan		
Date	Location	No. of Registrants
Monday, November 27, 2006	Kerrobert, Saskatchewan	22
Tuesday, November 28, 2006	Rosetown, Saskatchewan	34
Wednesday, November 29, 2006	Craik, Saskatchewan	11
Thursday, November 30, 2006	Kipling Saskatchewan	23
Friday, December 1, 2006	White City, Saskatchewan	30
	Total Saskatchewan	120
Open Houses Overview - Manitoba		
Date	Location	No. of Registrants
Monday, December 4, 2006	Gretna, Manitoba	40
Tuesday, December 5, 2006	Morden, Manitoba	51
Wednesday, December 6, 2006	Glenboro, Manitoba	33
Thursday, December 7, 2006	Souris, Manitoba	31
Friday, December 8, 2006	Cromer Manitoba	43
	Total Manitoba	198

Open Houses Overview - Alberta		
Date	Location	No. of Registrants
Monday, January 8, 2007	Hardisty, Alberta	42
Tuesday, January 9, 2007	Provost, Alberta	17
Total Alberta		59
Grand Total Attendance		377

Each open house was an informal event where Project maps, information boards and other materials were displayed, Project information handouts were available, and various Enbridge experts were present to answer questions. Attendees were able to come and go as they pleased. Approximately 30 tabletop displays were set up at each open house, as well as detailed mapping that covered the overall route and site-specific mapping relevant to the particular community.

Copies of the open house displays, maps, and other communication materials used in connection with the open houses are attached as Appendix 6-4.

6.2.4.4 Open House Advertising

Advertising (See Appendix 6-5) was created and placed in local newspapers to widely promote the time, date and location of upcoming open houses, and solicit attendance. The advertisements also provided Project details and a map showing the pipeline right-of-way. The following Table 6-4 lists the newspapers and advertising placement dates. Posters of the advertisements were also placed at key buildings within each community where the open houses were scheduled.

To reinforce public awareness created by the newspaper advertising, poster-sized versions of the advertisements were also placed at key buildings within each community where the open houses were scheduled.

In addition, Aboriginal groups identified by Enbridge (see Section 6.3.2) were informed of the open houses. While some did participate, others elected to develop their own process. See Section 6.3 for further details.

Table 6-4: Open House Advertising

Publication	Province	Placement Timing
Provost News	Alberta	Week of December 25, 2006
Sedgewick Community Press	Alberta	Week of January 1, 2007
Wainwright Edge	Alberta	Week of January 1, 2007
Regina Leader Post	Saskatchewan	Week of November 20, 2006
Craik Weekly News	Saskatchewan	Week of November 20, 2006
Kerrobert Citizen	Saskatchewan	Week of November 20, 2006



Publication	Province	Placement Timing
Kipling Citizen	Saskatchewan	Week of November 20, 2006
Rosetown Eagle	Saskatchewan	Week of November 20, 2006
Morden Times	Manitoba	Week of November 24, 2006
Altona Red River Valley Echo	Manitoba	Week of November 27, 2006
Winkler Times	Manitoba	Week of November 27, 2006
Baldur/Glenboro Gazette	Manitoba	Week of November 27, 2006
Reston Recorder	Manitoba	Week of November 27, 2006
Virten Empire-Advance	Manitoba	Week of November 27, 2006
Souris Plaindealer	Manitoba	Week of November 27, 2006

6.2.4.5 Project Website

Information about the Project is available in several places on the [enbridge.com](http://www.enbridge.com) web site. The information details the reasons for the proposed Project, route and locations, planned Annual Capacity, economic spin-off benefits, and provides specific province-by-province Project information and maps. Enbridge’s web site also provides contact information for interested parties wishing to e-mail or call Enbridge to obtain further information. The primary location for the Project information on Enbridge’s web site is:

<http://www.enbridge-expansion.com/expansion/>

Printouts of the pertinent Enbridge Expansions web site pages are attached as Appendix 6-6.

6.2.4.6 Toll-free Project Message Line

A toll-free message line telephone number was provided in Project communication materials to enable callers to leave a voice mail message requesting information, posing questions or providing comments regarding the Project. Enbridge then responds to messages. The toll-free message line will continue to be monitored throughout construction until the Project in-service date, after which stakeholders will be referred to Enbridge Operations.

6.2.4.7 Consultation Tracking and Database

In order to keep a record of all consultation activities and provide timely follow-up to stakeholder questions and concerns, a stakeholder contact database was created to track stakeholder meetings, manage and record stakeholder requests, concerns and issues, and document the progress of the Projects. Forms for tracking consultations were created for use by Enbridge personnel and a database administrator has been dedicated to maintaining up-to-date records.

6.2.4.8 Issues Identification

Enbridge conducted research to identify potential issues for the Project and those stakeholders most likely to be impacted or concerned with the issues. Issues research began in early September 2006 using scans of news media articles to find items that covered issues faced by similar projects. A series of National Energy Board publications and guides, and previous Enbridge pipeline plans and other information about past pipeline projects were referred to as part of the process. Reference was also made to landowner comments and concerns received during the land surveying work. News media scans and searches of government websites were used to identify potential issues specific to Alberta, Saskatchewan and Manitoba. Issues identification was updated in October 2006 to incorporate landowner issues raised during consultations that had occurred by then. From the start of the consultation program, Enbridge also updated its understanding of stakeholder issues through conversations, meetings and other interactions with stakeholders such as the initial series of open houses in November 2006.

6.2.4.9 Communications Materials and Information Provided to Stakeholders

Information provided to date during the consultation program, according to Enbridge's assessment of stakeholders' information needs, included:

- Enbridge company overview and background;
- Purpose of the Project;
- The Project details and specifications, including location and new right-of-way space required;
- The anticipated Project construction and in-service date timelines;
- Environmental protection and management policies and procedures followed by Enbridge during pipeline construction and operation;
- Information about the public consultation program, including how stakeholders could become involved and the Project toll-free telephone number;
- NEB contact information together with a description of the NEB's regulatory role and process for public consultation;
- Information on how to obtain more information from Enbridge, including the Enbridge web site address; and,
- A map of the Project area, attached together with a copy of the NEB brochure: "A Proposed Pipeline or Power Line Project: What You Need to Know".

Copies of the letters, maps, Enbridge Expansions newsletters, web pages, and other communication materials used are attached as Appendices 6-3, 6-4, 6-5 and 6-6.

In response to questions from the toll-free Project line and the open houses Enbridge developed a fact sheet on Pipeline development, which included information about the construction, safety and monitoring of pipelines. In the second volume of the Enbridge Expansion newsletter, questions or areas of interest raised at the open houses were also addressed.

6.2.5 Stakeholders Contacted

Further to the Stakeholder Identification process outlined in Section 6.2.3 previously, the following stakeholders have been contacted and engaged with to date:

6.2.5.1 Landowners and Tenants

Contacted stakeholders included approximately 2,500 landowners and tenants owning or residing on land directly affected, and adjacent to, the right-of-way along the 1,070 kilometre section of pipeline where the proposed construction is to occur. Those owning or residing on lands within 200 metres of the right-of-way were contacted by Enbridge using methods and on dates as described in Table 6-2. The 200 metre contact radius was established as being an appropriate distance from the existing and or proposed right-of-way to ensure all directly affected landowners and tenants were reached.

6.2.5.2 Local Governments

Using the Stakeholder Identification process outlined in Section 6.2.3, the following municipal governments were contacted by Enbridge using methods and on dates as described in Table 6-2. In some cases, government contacts changed following municipal elections in Saskatchewan and Manitoba in 2006. In those instances, Enbridge provided the newly elected officials with copies of the Project consultation materials. Generally, municipalities were selected for their proximity to the pipeline rights-of-way where Project work would occur, pending regulatory approval.

Table 6-5: Local Governments Contacted by Province

ALBERTA		
Camrose	Hardisty	Flagstaff County
Provost		
SASKATCHEWAN		
Milden	Kingsley	Fairlight
Bethune	Kipling	Hazelwood
Craik	Glenavon	Herschel
Doddsland	Loreburn	Kerrobert
Odessa	Rosetown	White City
Plenty	Kennedy	Regina
MANITOBA		
Winkler	Pipestone	Glenwood
Argyle	Morden	Pembina
Lorne	Stanley	Souris
Glenboro	Manitou	Oakland
South Cypress	Wallace	Rhineland
Sifton		

6.2.5.3 Provincial and Federal Government Representatives

Using the Stakeholder Identification process outlined in Section 6.2.3, the following provincial and federal government representatives were contacted by Enbridge using methods and on dates as described in Table 6-2. These government representatives and ministries were selected because in the case of elected representatives their constituency included part of the proposed Project geography, or because the ministry's area of responsibility included or was connected with the Project.

Table 6-6: Provincial and Federal Government Representatives Contacted

ALBERTA		
Title	Constituency	Location
MLA	Battle-River Wainwright	Wainwright
MP	Vegreville-Wainwright	Mannville
MP	Crowfoot	Camrose
MLA	MLA for Wetaskiwin-Camrose	Camrose

SASKATCHEWAN		
Title	Constituency	Location
MLA	Kindersley	Kindersley
MLA	Rosetown-Elsrose	Rosetown
MLA	Thunder Creek	Meadow Lake
MLA	Indian Head-Milestone	Balgonie
MLA	Moosomin	Moosomin
MLA	Cannington	Alida
MLA	Regina Qu'Appelle Valley	Regina
MLA	Regina Wascana Plains	Regina
MP	Cypress Hills-Grassland	Swift Current
MP	Battlefords-Lloydminster	North Battleford
MP	Saskatoon-Rosetown-Biggar	Saskatoon
MP	Regina Qu'Appelle	Fort Qu'Appelle
MP	Regina-Lumsden-Lake Centre	Regina
MP	Wascana	Regina
MP	Souris-Moose Mountain	Estevan
MANITOBA		
Title	Constituency	Location
MP	Brandon-Souris	Brandon
MLA	Turtle Mountain	Winnipeg
MP	Portage-Lisgar	Portage La Prairie
MLA	Arthur Virden	Winnipeg
MLA	Minnedosa	Winnipeg
MLA	Pembina	Winnipeg
MLA	Emerson	Winnipeg

6.2.5.4 Provincial and Federal Government Ministries Contacted

Enbridge contacted the following during its consultation activities:

- Canadian Environmental Assessment Agency
- Environment Canada
- Fisheries and Oceans Canada
- Transport Canada
- Manitoba Agriculture, Food and Rural Initiatives
- Manitoba Conservation

- Manitoba Culture Heritage and Tourism
- Manitoba Energy and Mines
- Manitoba Intergovernmental Affairs and Trade Community Planning Service
- Manitoba Natural Resources
- Manitoba Transportation and Government Services
- Manitoba Public Works
- Manitoba Water Stewardship

6.2.5.5 Aboriginal Communities Contacted

Please refer to Section 6.3.

6.2.6 Overall Consultation Outcomes

Generally, feedback from notified and contacted stakeholders has not been extensive, with the majority of the opinions provided either being positive or neutral with respect to the Project. Only small numbers of those reached through the Project consultation and communications activities chose to become involved, which seems to indicate relatively low levels of concern. The majority of responses of those attending the open houses (based on discussions and survey responses) are consistent with such a conclusion.

A few landowners presented letters of concern at open houses in Manitoba. Details on those concerns and our response are outlined in 6.2.6.6 and 6.2.6.7 of this Section.

The following Section summarizes the outcomes to date of consultation activities related to the Project:

6.2.6.1 Outcomes of Open Houses

The primary outcome of the series of open houses were useful interchanges of information between attendees and the Enbridge representatives that in most cases satisfied stakeholders desire to gain a better understanding of the Project. Enbridge also gained a better understanding of community views and obtained a range of input relevant to the Project.

Every attendee at the open houses was given a one-page double-sided survey that they were requested to complete before leaving. The survey was designed as a method of gaining a general feeling of attendees regarding the Project and the open house program itself. Questions were simple and designed to gather the opinions of the attendees on a variety of subjects.

The surveys used multiple choice and open-ended questions to ask respondents to identify what they perceived to be the greatest issues/concerns and benefits/opportunities associated with the proposed Project.

Although some landowners expressed concerns, the majority of the opinions provided have been positive or neutral with respect to the Project. For example, results of the surveys filled out by open house attendees, in response to the question “What is your view of the proposed Southern Lights Project?” were mostly either supportive or neutral. See the following Table 6-7 for a summary of responses to that question (the possible responses were “Supportive”, “Neutral”, “Not supportive”, or “No opinion”, or to simply give no response”):

Table 6-7: Survey Response to “What is your view of the proposed Southern Lights Project?”

Alberta (35 surveys returned)		Saskatchewan (84 surveys returned)		Manitoba (133 surveys returned)	
“Supportive”	22	“Supportive”	42	“Supportive”	66
“Neutral”	6	“Neutral”	20	“Neutral”	28
“Not supportive”	0	“Not supportive”	2	“Not supportive”	4
“No opinion”	2	“No opinion”	10	“No opinion”	9
“No response”	5	“No response”	10	“No response”	26

In Alberta, 80% of respondents said they were “supportive” or “neutral” with respect to the Project. In Saskatchewan, 74% of respondents gave “supportive” or “neutral” as their responses with respect to the Project. In Manitoba, 71% of respondents were “supportive” or “neutral” with respect to the Project.

For a copy of the open house exit survey please see Appendix 6-7.

The total number of surveys completed was 252, which results in a 67% completion rate. Enbridge believes that most individuals and groups contacted to date are either supportive of or neutral to the Project. More than 370 people attended the 12 community open houses and over 250 surveys were completed. About 75% of all respondents indicated they were supportive of or neutral to the Project. The following Table 6-8 indicates the survey completion rate broken down by province.

Table 6-8: Survey Completion Rate

Province	Surveys completed /	Percentage
Alberta	35/59	56%
Saskatchewan	84/120	70%
Manitoba	133/198	67%

For a summary of survey questions and responses for the Project, please see Appendix 6-8.

An organized landowner group, the Manitoba Pipeline Landowners Association (MPLA), affiliated with the Canadian Alliance of Pipeline Landowners Associations (CAPLA), has been formed in Manitoba and a number of its members attended the Manitoba open houses, submitting letters of opinion and voicing their concerns. Further details on the MPLA and Enbridge's efforts to address its members' issues are located in 6.2.6.7 of this Section.

6.2.6.2 Key Issues and Comments

Although most individuals and groups contacted have been either supportive of or neutral to the Project, a minority of individuals or groups expressed concerns about the Project. Their comments and Enbridge's responses to them are summarized in Table 6-9 below:

Table 6-9: Summary of Key Issues and Comments to Date

Issue/Comment	Enbridge Response
Abandonment & Restoration	
What happens after Enbridge is finished using the pipeline?	Abandonment of pipeline facilities is subject to regulatory approval and oversight. Enbridge will comply with abandonment regulations if and when pipelines and associated facilities are abandoned.
Could Enbridge abandon its pipelines and leave it up to me to deal with any problems?	The abandonment of a pipeline is the responsibility of the company that owns the pipeline, not the landowner. Easement agreements and regulations both address abandonment issues. Abandonment is subject to a regulatory application and approval process. Regulatory authorities and the pipeline company have a responsibility to ensure that any issues or concerns are addressed prior to abandonment approval.
Business & Contracting Opportunities	
How much compensation will landowners receive?	Compensation is discussed directly with landowners and is a matter between the landowner and the pipeline company. Enbridge pays fair compensation and has been dealing amicably with landowners for more than 50 years. Compensation to landowners for rights-of-way is based on the fair market value of the land at the time of acquisition in relation to the local or regional market, and other very situational factors. Some of the factors we consider when determining compensation are: market value of the lands, pattern of dealings, payment terms, loss of use, adverse affects, nuisance and inconvenience, and damages.
Will you pay for access to my land for surveying purposes?	Enbridge pays compensation for any damages as a result of surveying, not for surveying itself.
Construction	
How long will construction take?	The average construction time on each section of the right-of-way is 6 to 10 weeks and is dependant on the size of section under construction and, of course, on weather conditions.
When will construction begin in my area?	Construction is dependent on regulatory approval and could start in 2008 with expected completion in 2009. Enbridge will provide more information on the construction schedule as the Project moves ahead, as part of its ongoing public consultation program.



<p>Will my land look the same after the pipeline is built?</p>	<p>Enbridge's stated objective is to restore your land to as close to its pre-construction condition as is possible. Some trees, buildings or other structures, which must be removed from the easement for construction, unfortunately cannot be replaced on the right-of-way. In these cases, appropriate compensation will be negotiated. Enbridge's inspectors and right-of-way representatives will follow up with you to verify that site restoration on your land is completed and that you are compensated according to your agreement with Enbridge.</p>
<p>Employment Opportunities</p>	
<p>How can I get a job working on the construction?</p>	<p>It is still very early in the Project. Most of the work and hiring will be done by our primary contractors and sub-contractors, including the pipeline construction company. As construction is not scheduled until 2008 (pending regulatory approval), these companies have not yet been selected. We will be providing more information on employment opportunities in the future. You can also check our website for updates as the project moves ahead or contact our toll-free project line at any time for more information.</p>
<p>Environment</p>	
<p>How will Enbridge monitor the pipeline and prevent pipeline ruptures and spills?</p>	<p>Pipelines are the safest and only practical transportation mode to move large quantities of petroleum and petroleum products. As an industry leader, Enbridge has a comprehensive and evolving preventive maintenance program, including around-the-clock computerized monitoring of pipeline flow, regular internal inspections of the line and aerial patrols of the right-of-way. Externally, Enbridge has implemented an educational outreach program for landowners and excavators regarding the locations of pipelines and the need for awareness and pipeline safety. Enbridge is an active and supportive member of First Call.</p>
<p>General Project Information</p>	
<p>How deep will the pipeline be buried?</p>	<p>In all cases our pipelines meet or exceed government standards for burial depth at the time of construction. However, over time water and wind erosion may reduce the total cover of the lines. In some cases additional cover may be added where facilities have been identified as shallow. For larger areas or where additional fill is not practical, we may consider lowering the pipeline for safety.</p>
<p>What will the pipeline carry?</p>	<p>The proposed Southern Lights pipeline is a Diluent pipeline that will carry Diluent originating in the U.S. near Chicago to the Edmonton area. Diluent is required to dilute the thick bitumen produced from the oil sands to a consistency which permits transport by pipeline.</p>
<p>Is the pipeline route finalized?</p>	<p>The preliminary route proposed is generally adjacent to or within Enbridge's current pipeline right-of-way and will be part of our application to regulators. The proposed route was chosen in order to minimize disruption to communities and to avoid known environmentally sensitive habitat and wildlife areas as much as possible. The route is, of course, subject to regulatory approval and we welcome your input. Following public consultation and surveys, the final route will be selected and incorporated into our regulatory application.</p>
<p>When will Enbridge be surveying for the project?</p>	<p>Enbridge plans to complete environmental and land surveys for Southern Lights in 2007.</p>

Public Safety & Pipeline Maintenance	
How does Enbridge ensure the safety of its pipelines?	Enbridge is an industry leader with nearly 60 years of experience. For new pipelines, safety begins with the planning and design process. Steel pipe and connected facilities are designed and manufactured with a safety factor that meets or exceeds federal and/or provincial regulations and national technical standards. During construction, the pipeline installation is thoroughly inspected. After construction, the pipeline is tested before beginning operations. Regular inspection and maintenance allow our pipelines to operate reliably and safely while minimizing the impact on the environment and ensuring the safety of the public.
Are the existing pipelines, some of which are 50 years old, a greater hazard?	Enbridge manages all of its pipelines to be equally safe, regardless of age and location. Research by third-party companies has shown little correlation between a pipeline's age and its risk of failure if the pipeline has been properly constructed and maintained. The majority of Enbridge's pipelines were built 30 or more years ago, although portions of the system are relatively new. Integrity management risk control programs were incorporated from the outset in all stages of the pipeline life cycle, from system design to construction and operation.
Right-of-Way & Land Access	
Will I be able to cross the right-of-way with my farm equipment?	Vehicles that are typical to normal farming operations are not restricted from crossing the right-of-way. These crossings do not require Enbridge's prior approval. Approval is granted in part through Enbridge's "Keeping in Touch" landowner publications and the Enbridge easement document.
What happens if my crops are damaged and if there are future crop losses?	Enbridge is responsible to landowners for all damages suffered as a result of its operations. Enbridge will handle these cases on an individual basis to arrive at a mutually agreeable solution. Enbridge will do its utmost to mitigate unsatisfactory situations or, if that is not possible, arrive at a compensation agreement that is fair to both parties. Enbridge maintains a standing commitment to work with landowners to address concerns related to our pipelines.
Can you change the route to avoid yard sites, corral systems and shelter belts on my land?	Enbridge will work diligently with the landowner to identify feasible options in order to avoid impacting farm structures and active working agricultural facilities. Enbridge will work with landowners to minimize impacts on their land where practical. The Southern Lights pipeline project has been routed to primarily follow the existing Enbridge Mainline right-of-way. These kinds of issues should therefore be minimized.

6.2.6.3 Addressing Stakeholder Issues and Concerns

Enbridge is committed to responding to all issues raised by stakeholders or interested parties. Follow-up actions are being, and will continue to be, undertaken at various levels regarding these matters to try and address any outstanding concerns.

Through its public consultation and communications efforts, Enbridge is committed to an ongoing dialogue with the stakeholders and interested parties identified through the regulatory process. This process involves working with consultation program participants in an attempt to understand and address their

concerns and address issues to stakeholders' satisfaction. Enbridge's consultation efforts will continue through the regulatory process and, when approval is granted, these activities will be extended through the construction and operations phases.

6.2.6.4 Influence of Stakeholder Input on the Project

Interests and concerns identified through the public consultation program have been considered in Enbridge's project planning. Proposed Project design was modified in response to community feedback where possible. An example of route modification in response to stakeholder input follows:

Enbridge's existing right-of-way in the Morden, Manitoba area runs through the town of Morden, including a portion through the Minnewasta Municipal Golf Course. During the preliminary route selection process Enbridge decided to re-route the pipeline from the existing right-of-way to the south of Morden to avoid impacting the golf course and the homes nearby. However, at the open house in Morden, community members advised they had concerns about the proximity of the new route to a municipal water source. Some community leaders and residents were concerned about the potential for contamination in the event of a pipeline rupture. While Enbridge maintains that the preliminary route is safe, in this case, through consultation and additional engineering work it was determined that the existing right-of-way could be used.

Enbridge is now proposing to route the pipeline through the golf course, thereby avoiding Lake Minnewasta. Golf course representatives have been supportive of the route choice in preliminary discussions with Enbridge to date. Through ongoing consultation, the Company will continue to work together with golf course representatives and nearby residents to plan and execute the construction in order to minimize disturbance.

6.2.6.5 Toll-free Project Information Line

The toll-free Project information line telephone number has been provided in Project communication materials to enable callers to leave a voice mail message requesting information, posing questions or providing comments. Enbridge promptly responds to callers, usually within two business days or sooner. The toll-free message line will continue to be monitored throughout construction until the Project in-service date. After that time, members of the public can contact Enbridge using the company contact information for regular business operations, as posted on www.enbridge.com.

As of February 1, 2007, nearly 60 individuals have called the Project toll-free message line, with most callers either requesting a change to their contact information, asking for more Project information (e.g. construction date, project maps and meeting with land agents) or requesting to speak with an Enbridge representative. Enbridge responds to all calls. Statistics for the toll-free line to date are:

Table 6-10: Toll-Free Message Line Statistics

Type of call	Total	%
Address / Contact Information Change	15	25.42%
Project Information	16	27.12%
Construction / ROW plans	3	5.08%
Speak with Enbridge	10	16.96%
Map	3	5.08%
Funding (Requesting Enbridge donations)	2	3.40%
Employment	7	11.86%
RSVP to meeting invitations	3	5.08%
Total:	59	100.00%

6.2.6.6 Letters of Concern

Enbridge has received several letters of concern from landowners, either directly or through the National Energy Board. Landowner concerns are included in Table 6-9. Enbridge is in the process of addressing these concerns directly with landowners and is working to find mutual solutions.

6.2.6.7 Manitoba Land Owners

Landowners principally within the Province of Manitoba and affiliated with the Manitoba Pipeline Landowners Association (MPLA) raised specific issues they would like Enbridge to address. Their issues include aspects of pipeline operations, abandonment, and integrity, future right-of-way usage and access, and compensation for pipeline integrity digs and right-of-way easements. Either individual Manitoba landowners or groups declaring that they represent Manitoba landowners' interests in the area have raised the issues.

Most of these landowners' issues were raised during the December 2006 open houses held in Manitoba. This included landowners providing Enbridge representatives at the open houses with letters and lists of issues outlining concerns.

In response, Enbridge proposed a series of meetings in January 2007 to review issues of concern or interest with these Manitoba landowners and, where possible, to seek resolution or understanding. Landowners who were signatories to the list of issues (presented to Enbridge at the Morden, Souris and Cromer open houses) were sent an invitation dated January 11, 2007 (see Appendix 6-9) by Express Post to attend a follow-up workshop with Enbridge representatives. Enbridge representatives also made telephone calls to each landowner to confirm their availability to attend the workshops. The meeting dates, locations and times were as follows:

- Cromer, Manitoba: January 24, 2007 - 10:30 am to 1:30 pm.
- Souris, Manitoba: January 24, 2007 - 5:30 pm to 8:30 pm.
- Morden, Manitoba: January 25, 2007 - 10:30 am to 1:30 pm.

The meeting goals and objectives were:

- To review issues and concerns communicated by landowners' letters and / or lists;
- To discuss and clarify landowners' positions or statements;
- To seek common ground or agreement on as many issues as possible; and
- To provide a framework for future discussions with a view to resolving outstanding issues or concerns.

The meeting agenda, Enbridge's presentation and a list of Enbridge attendees are attached, as Appendix 6-10. At the meetings, landowners indicated their preference to work through the MPLA rather than as individuals for most of their future dealings with Enbridge. Individuals that attended also provided process input on how they would like to be consulted and communicated with going forward.

6.2.7 Interpretation of Consultation Program Outcomes

To date the Project consultation program has accomplished the primary objectives Enbridge established. Contact and dialogue continues with several stakeholders as well as First Nation and Métis communities. To this point, stakeholder issues or concerns raised have either been addressed or continue to be discussed with a view to resolving them in the near future.

6.2.8 Next Steps

Enbridge will continue its consultation program through approval and construction and up to the in-service date of the new and modified Project facilities. Future consultation activities are anticipated to include:

- Additional mail outs and / or faxes of Project update information, possibly including maps and new Project information newsletters;
- Personal contacts by telephone and meetings with government representatives and ministries;
- Meetings with landowners either individually or in groups to discuss right-of-way easements, surface land issues, pipeline integrity and safety, and construction schedule, etc.; and

- Additional community information sessions or open houses, if determined to be necessary, or if desired by a large enough group of stakeholders or a key community or communities.

During the operating phase, stakeholder communications respecting the Project facilities will be integrated into the scope of the existing Public Awareness Program conducted by Enbridge along the right-of-way.

6.3 Aboriginal Engagement

Enbridge Inc. has instituted a company-wide Indigenous People's Policy (Appendix 6-2). The policy lays out key principles for relations with First Nations and Métis people, such as respect for traditional ways and land, heritage sites, the environment and traditional knowledge. The policy is also designed to ensure a consistent and thorough approach to consultation and engagement with Aboriginal communities. The policy will guide the Project's Aboriginal engagement and consultation activities. It will include developing relationships, exchanging information respecting the Project, hearing Aboriginal concerns, addressing such concerns to the extent possible and ensuring on-going dialogue about the Project, its potential implications and benefits. Aboriginal engagement and consultation in support of the Project will also be guided by Provincial and Federal consultation policies and requirements.

6.3.1 Principles and Goals of the Aboriginal Engagement Program

Specific principles and goals of the Project's Aboriginal engagement program will be to:

- Implement engagement with Aboriginal groups early in the process and continue engagement through the regulatory process, as well as through the construction and operations phases;
- Develop consultation protocol principles for the consultation process with the potentially affected First Nations and Métis communities in Alberta, Saskatchewan and Manitoba;
- Provide Aboriginal groups and interested Aboriginal organizations with Project information in a timely, ongoing and sensitive manner so they can consider such information in determining their interests in respect of the Project;
- Provide opportunities to Aboriginal groups and organizations to identify issues and potential Project effects;
- Respond to all issues and concerns raised by Aboriginal groups and organizations;

- Indicate how information and concerns of Aboriginal groups and organizations have been considered and taken into account by the Project in the design and planning of the Project;
- Increase knowledge of the potential environmental effects of the Project on Aboriginal interests;
- Avoid, reduce or mitigate, as appropriate, effects of the Project;
- Disseminate the results of the environmental assessment process;
- Provide opportunities for discussion and seek joint issue resolution, where possible; and
- Identify and explore opportunities for participation by Aboriginal people in the Project by way of education, employment and business opportunities.

6.3.2 Identifying Aboriginal Groups

The Southern Lights Project will traverse Treaty No. 1, Treaty No. 2, Treaty No. 4 and Treaty No. 6 lands, as well as crossing the provincial boundaries of Alberta, Saskatchewan and Manitoba. Enbridge used an 80 km radius from the EPI right-of-way to establish a zone within which to identify First Nations and the Métis for engagement purposes. There is only one Aboriginal group, Swan Lake First Nation, which is directly affected as Enbridge's right-of-way crosses the northeastern tip of the Swan Lake Indian Reserve No. 7.

6.3.2.1 Alberta:

In central Alberta, four First Nations have been identified within the 80 km zone:

- Samson Cree Nation;
- Montana Band;
- Ermineskin Tribe; and
- Louis Bull Band.

All four First Nations are signatories to Treaty No. 6. In addition, the Métis Nation of Alberta Region 2 is the political representative organization for the Métis people of Manitoba within the engagement zone.

6.3.2.2 Saskatchewan:

Seventeen First Nations in central and southern Saskatchewan have been identified within the 80 km zone:

- Carry The Kettle First Nation

- Cowessess First Nation
- Kahkewistahaw First Nation
- Little Black Bear Band
- Muscowpetung First Nation
- Ocean Man First Nation
- Ochapowace First Nation
- Okanese First Nation
- Pasqua First Nation #79
- Peepeekisis First Nation
- Piapot First Nation
- Pheasant Rump Nakota First Nation
- Poundmaker First Nation
- Star Blanket First Nation
- Sakimay First Nation
- White Bear First Nation
- Whitecap Dakota First Nation

These First Nations are part of the Battlefords Tribal Council, Fire Hills Qu'Appelle Tribal Council, Yorkton Tribal Council, Southeast Treaty No. 4 Tribal Council, and the Saskatoon Tribal Council and are part of Treaty Nos. 2, 4 and 6.

The Federation of Saskatchewan Indian Nations (FSIN) provides support to assist Saskatchewan First Nations in consultation processes. The FSIN represents all but one First Nation in Saskatchewan, has 10 member Tribal Councils and includes: Agency Chiefs Tribal Council, Battlefords Tribal Council, Fire Hills Qu'Appelle Tribal Council, Fort Carlton Agency Council, Meadow Lake Tribal Council, Prince Albert Tribal Council, Saskatoon Tribal Council, Southeast Treaty No. 4 Tribal Council, Touchwood Agency Tribal Council and Yorkton Tribal Council who represent each geographical area of the Province.

The Métis Nation - Saskatchewan Western Region IA, Western Region IIA, Western Region III and Eastern Region III has also been identified for engagement purposes.

6.3.2.3 Manitoba

In Manitoba, the following First Nations have been identified within the 80 km zone:

- Sioux Valley Dakota Nation
- Canupawakpa Dakota Nation
- Birdtail Sioux Dakota Nation
- Long Plain First Nation
- Dakota Tipi First Nation
- Dakota Plains First Nation
- Roseau River Anishinabe First Nation
- Swan Lake First Nation

In addition, the Manitoba Métis Federation (MMF) is the political representative organization for the Métis people of Manitoba.

6.3.3 Design of the Aboriginal Engagement Program

The Aboriginal engagement program responds to the issues and concerns of First Nations and Métis, and will assist the Project in complying with the requirements of the NEB and various governmental policies respecting consultation. Enbridge recognizes that First Nations and Métis communities may have specific financial and capacity requirements in responding to the information provided to them about the Project. Where there may be a potential effect on a First Nation or Métis group, the Project will offer funding to assist the community in assessing such potential effects and to develop a response.

Enbridge seeks to foster successful working relationships with First Nations and Métis communities. For that purpose, Enbridge may discuss arrangements for job training, employment and contracting opportunities, so Aboriginal people may participate and benefit in the Project.

Engagement is required with Aboriginal groups and will vary with the circumstances and with the potential effect of the Project on them. For the Project, the work undertaken to complete the Line 13 Reversal and the Line 2 Modifications will take place within the boundaries of existing Enbridge station sites. No new lands will be required. The LSr Pipeline will be located in or alongside and contiguous to existing Enbridge right-of-way for almost its entire length. There is only one Aboriginal group, Swan Lake First Nation, which is directly affected as Enbridge's right-of-way crosses the northeastern tip of the

Swan Lake Indian Reserve No. 7. Engagement for purposes of the Project includes but is not limited to the following:

- Identification of Traditional Land Uses within the Project area;
- Recording of all engagement and information processes. The engagement process will consider other First Nations, located outside of the Project area, that may be exercising treaty rights within it, and therefore will record appropriate inquiries to these First Nations;
- Recording engagement and information sessions/meetings and provide a detailed description of the consultation discussions;
- Contacting the Province of Manitoba, Saskatchewan and Alberta and the federal Department of Indian and Northern Affairs to inform them of the engagement plan and ensure that it meets their expectations;
- Coordinating the engagement process to address potential impacts on Traditional Land Uses;
- Ensuring that engagement is objective and will include the economic and social impacts of First Nation communities and Métis groups/organizations;
- Meeting governmental requirements in respect of consultation policies and associated guidelines;
- Making processes, including appropriate timelines for notification and access to information, available to the First Nation and Métis communities in a timely fashion; and
- Engagement with Aboriginal peoples to share information with them regarding the Project, to hear and understand their questions, issues or concerns respecting the Project, and to respond accordingly.

6.3.3.1 First Round of Engagement

The first round of engagement activities took place in mid-October 2006 and will continue at the time of, and after the filing of this Application. The initial processes for the Project include:

- Introducing Enbridge and the Project to Aboriginal communities and organizations and any third party organizations which may be assisting in the consultation process, such as the Federation of Saskatchewan Indian Nations (FSIN);
- Introducing Project information including a general project overview, anticipated project timelines, maps and information on pipeline operations;

- Providing all identified Aboriginal communities and organizations with the Southern Lights Project information newsletter and notification of public open house sessions in Alberta, Saskatchewan and Manitoba by mail;
- Providing NEB Guidelines on how groups can participate in the process when sharing Project information;
- Ascertaining and respecting protocols, wherever reasonably possible, for each Aboriginal community and organization when consultations are occurring;
- Gathering statistical and demographic information, business listings, measuring capacity to participate, and obtaining traditional mapping if available;
- Conducting early scoping of issues regarding the Project after allowing time for review of information; and
- Based on information provided to potentially affected communities, inquiring as to any potential adverse affects to treaty or Aboriginal rights.

6.3.3.2 Second Round of Engagement

Enbridge initiated a second round of engagement in early November 2006 and is continuing to work with all identified Aboriginal communities and organizations to reach second round objectives. The next processes determined for the Project included:

- Discussions with potentially affected Aboriginal communities and organizations regarding a formalized process for consultation which may include capacity funding in order to participate in the consultation process;
- Continuing to gather statistical and demographic information, business listings, measuring capacity to participate, and obtaining traditional mapping if available;
- Setting out intentions for the progression of a long-term relationship-building between Enbridge and affected Aboriginal communities and organizations;
- Continuing to obtain, record and report to Enbridge any issues or concerns relayed from affected Aboriginal communities and organizations regarding the Project and responding to Aboriginal communities and organizations in a timely manner;
- Continuing to prepare and inform affected Aboriginal communities and organizations, through both direct meetings and mail outs, of potential contracting and employment opportunities; and



- Preparing communities for the Enbridge application date including informing and educating on the regulatory process and indicating time lines as to the Enbridge process;

6.3.3.3 Third Round of Engagement

Enbridge will initiate a third round of engagement at an appropriate stage in the consultation process. These activities have already commenced informally during the first two rounds of activities and discussions and will remain ongoing. The third process includes:

- Acting as a bridge to facilitate relationships between affected Aboriginal communities and organizations and the Mainline contractors; and
- Executing formalized processes for consultation upon agreement from all parties involved.

6.3.4 Implementing the Engagement Program

The Aboriginal engagement program has involved a number of activities including: distribution of the Preliminary Information Package; mail outs of letters of notification and Project newsletters; open house advertising; meetings and presentations; community visits and information drop-offs; and the development of a issue database (see Appendices 6-3, 6-4, 6-5 and 6-6). Table 6-11 below summarizes the Aboriginal consultation activities that have taken place to date:

Table 6-11: Southern Lights Aboriginal Engagement Matrix

Aboriginal Stakeholder	Date	Event	Information and Materials Provided	Comment	Next Step
Federation of Saskatchewan Indian Nations	September 25, 2006	Meeting	Verbal introduction of the Project	Discussion on formalizing an agreement to guide consultation	Continue discussions regarding formalized agreement
Manitoba Métis Federation	October 11, 2006	Meeting	Verbal introduction of the Project	Discussed protocol for consultation process and potential for Protocol Agreement	Continue discussions regarding formalized agreement
Dakota Nations of Manitoba	October 12, 2006	Meeting	Verbal introduction of the Project	Discussed potential meeting with Enbridge Senior Management and the 5 Dakota Nations of Manitoba	Arrange meeting in Edmonton for Oct. 25/06
Dakota Nations of Manitoba	October 25, 2006	Meeting	Verbal information on traditional land mapping; verbal overview of the Project; Enbridge control	Discussions between Dakota Ojibway Tribal Council and Enbridge Senior Management	Project information materials to be forwarded

Aboriginal Stakeholder	Date	Event	Information and Materials Provided	Comment	Next Step
			room presentation and viewing		
Dakota Ojibway Tribal Council	November 10, 2006	Meeting	Verbal overview of Project	Discussed letter of support from Enbridge regarding land settlement with Canada	Prepare draft letter and protocol agreement for discussion
Swan Lake First Nation	November 20, 2006	Meeting	Verbal overview of Project	Community requested an open house with project information and project personnel	Open house scheduled for February 07
Dakota Tipi First Nation	November 20, 2006	Meeting	Verbal overview of Project	Discussed community's infrastructure and economic plans	Continue with Project information updates
Dakota Ojibway Tribal Council	December 18, 2006	Meeting	Letter dated December 15, 2006 from Dakota Nations of Manitoba to Enbridge Pipelines Inc.	Dakota Ojibway Tribal Council advised that previously agreed upon approach to consultation may be reconsidered by the Council of Chiefs	Continue discussions regarding formalized agreement
All Aboriginal groups within 80 km radius (see Section 2.2), FSIN, Battlefords Tribal Council	December 20, 2006	Mail-out	Southern Lights Project Preliminary Information Package	Sent PIP to each of the 35 Aboriginal groups identified within 80 km of proposed Project	
Roseau River Anishinabe First Nation	January 12, 2007	Meeting		Briefing with Chief Nelson to review agenda and expectations for community presentation	Prepare for next meeting
Roseau River Anishinabe First Nation	January 12, 2007	Meeting with formal presentation	2006 Enbridge <i>Corporate Social Responsibility Report</i> . Open house information package	Gave formal presentation on the Project to community members and community leadership.	Continue to ensure community remains informed
Dakota Ojibway Tribal Council	January 12, 2007	Meeting	Letter of invitation for Enbridge to present to the Sioux Valley community in early February	Invitations provided to Enbridge to deliver Project presentations in the Dakota communities of Sioux Valley and Birdtail	Prepare for community meetings with Sioux Valley (February 6 th or 8 th) and Birdtail (TBD)
Hobbema First Nations - Erminskin and Louis Bull	January 17, 2007	Meeting	Open house information package	The bands expressed interest in working collaboratively with Enbridge and would like to enter into a	Continue to update community

Aboriginal Stakeholder	Date	Event	Information and Materials Provided	Comment	Next Step
				relationship protocol agreement	
Battleford Tribal Council (BTC)	January 18, 2007	Meeting	Preliminary route map from open house information package and Preliminary Information Package	BTC Chiefs would like to enter into a protocol agreement with Enbridge to address their interests and priorities in the Project	Reconvene week of January 29, 2007 to discuss proposed agreement
Poundmaker First Nation	January 23, 2007	Meeting	Proposed corridor map, open house information package and contact information	Thorough review of preliminary route mapping. Chief and Council expressed interest in working closely with Enbridge to prepare community members for employment opportunities.	Follow up meeting once project opportunities are more clearly identified
Whitecap First Nation	January 23, 2007	Information Drop off	Open house information package and contact information		Continue to provide project information
Federation of Saskatchewan Indian Nations (FSIN)	January 23, 2007	Meeting	Preliminary route mapping, open house information package, and contact information. FSIN provided a copy of their consultation policy as well as a response to the proposed MOU.	Provided an overview of the Project. FSIN expressed interest in lending a supportive role to consultation efforts and would like to formalize a relationship with Enbridge as soon as possible.	Follow up meeting in February 07 to discuss MOU
Little Black Bear's Band	January 24, 2007	Information Drop off	Open house information package, contact information, Preliminary Information Package		Continue to provide project information
Star Blanket First Nation	January 24, 2007	Community visit		All offices were shut down on this day for a funeral	Continue to provide project information
Okanese First Nation	January 24, 2007	Meeting	Open house package, contact information, verbal overview of Project	Reviewed Project and route mapping. Chief and Council expressed an interest in learning more about the employment and business opportunities that may be associated	Follow up meeting once project opportunities are more clearly identified



Aboriginal Stakeholder	Date	Event	Information and Materials Provided	Comment	Next Step
				with the Project.	
Peepeekisis First Nation	January 24, 2007	Information Drop off	Open house information package, contact information		Continue to provide project information
Metis Nation Saskatchewan, Southeast Region 3	January 24, 2007	Meeting	Preliminary route maps, open house information package, contact information	Reviewed Project and route mapping. Métis office provided updated information on their administration and leadership. Métis expressed interest in having their members observe a Southern Lights presentation.	Prepare for Southern Lights Project presentation in February 2007
Birdtail Sioux Dakota Nation	January 24, 2007	Community meeting	Open house information packages	Enbridge Pipelines representatives conducted formal Southern Lights presentation to community members.	
Canupawakpa Dakota Nation	January 24, 2007	Community meeting	Open house information packages	Enbridge Pipelines representatives conducted formal Southern Lights presentation to community members.	
Dakota Plains First Nation	January 25, 2007	Meeting	Open house information packages	Provided information on the Project and EPI general information.	
White Bear First Nation	January 25, 2007	Meeting	Open house information package, contact information	Confirmed date for formal Southern Lights meeting and project presentation to Chief and Council.	Southern Lights Project presentation and meeting with Chief and Council on Feb 7, 2007
Pheasant Rump Nakota First Nation	January 25, 2007	Information drop off	Open house information package, contact information		Continue to provide project information
Ocean Man First Nation	January 25, 2007	Meeting	Preliminary route mapping, open house information package, contact information	Provided a brief overview of the Project. Invitation extended to Enbridge to participate in community career fair in March 2007.	Enbridge to participate in community career fair in March 2007
Ochapowace First Nation	January 25, 2007	Information drop off	Open house information package, contact information		Continue to provide project information
Kahkewistahaw First Nation	January 25, 2007	Information drop off	Open house information package, contact information		Continue to provide project information
Carry the Kettle	January	Information	Open house		Continue to

Aboriginal Stakeholder	Date	Event	Information and Materials Provided	Comment	Next Step
First Nation	25, 2007	drop off	information package, contact information		provide project information
Cowessess First Nation	January 25, 2007	Meeting	Preliminary route mapping, provided open house packages, contact information. Map of TLE and reserve lands around Regina provided by Cowessess.	Reviewed route mapping. Cowessess owns four land parcels around Regina, two have reserve status and two are TLE lands to receive reserve status within one month.	Follow up meeting in early February
Sakimay First Nation	January 25, 2007	Meeting	Preliminary route mapping, open house package, contact information	Reviewed route mapping. Sakimay owns two TLE land parcels near Regina.	Follow up meeting on Feb 1, 2007
Pasqua First Nation #79	January 26, 2007	Information drop off	Open house information package, contact information		Continue to provide project information
Muscowpetung First Nation	January 26, 2007	Meeting	Open house information package, contact information	Provided an overview of the Project. Chief to review project materials on Monday.	Continue to provide project information
Piapot First Nation	January 26, 2007	Information drop off	Open house information package, contact information		Continue to provide project information
Cowessess First Nation	January 29, 2007	Meeting	Preliminary Information Package	Overview of Southern Lights consultation program and regulatory timeframes. Cowessess and Sakimay are working together to partner with the BTC with regards to business training opportunities.	Follow-up meeting in February
Montana First Nation	January 31, 2007	Information drop-off	Open house information package, contact information	Information package provided to the Public Works/Utility Manager on behalf of the Chief	Continue to provide Project information.
All Aboriginal Groups within an 80 km radius (see Section 6.3.2)	February 1, 2007	Fax and mail out	Notification letter	Letter sent notifying Aboriginal groups of the delay in the NEB application filing	Advise Aboriginal groups when filing takes place



6.3.5 Key Issues and Comments

Aboriginal groups have raised a number of broad issues during the consultation activities. Their comments and Enbridge’s responses to them are summarized in Table 6-12 below:

Table 6.12: Summary of Aboriginal Key Issues and Enbridge Responses

Issue/Concern	Enbridge Response
Business & Contracting Opportunities	
What types of business and contracting opportunities are available?	While it is still too early in the process to determine this, the types of business and contracting opportunities that are typically available include facility site development and clearing, electrical and mechanical services, as well as right of way clearing, re-vegetation and restoration.
Would Enbridge consider investment by First Nations in this project?	While the Southern Lights project is an expansion of our Mainline system and the issue of outside investment has not been considered to date, we are reviewing your question and will be responding to it in the near future.
Does Enbridge contract out to Aboriginal owned companies?	Again, it is still too early in the project to determine the types of contract opportunities that will be available. At the appropriate time, Enbridge will seek ways to increase participation for Aboriginal owned companies through the tendering process.
Employment Opportunities	
How can I get a job working on the construction?	It is still very early in the Project. Most of the work and hiring will be done by our primary contractors and sub-contractors, including the pipeline construction company. As construction is not scheduled until 2008 (pending regulatory approval), these companies have not yet been selected. We will be providing more information on employment opportunities in the future. You can also check our website for updates as the project moves ahead or contact our toll-free project line at any time for more information.
Environment	
What would happen in the event of a pipeline spill which contaminated our community water source?	Enbridge response by letter: Enbridge is undertaking an environmental assessment for the Southern Lights projects. The environmental assessment will be filed with the NEB application for the Southern Lights project and will include an analysis of the potential effects of the Project including the effects on the aquifer at Swan Lake. To the extent Enbridge determines that the presence of the aquifer warrants mitigation strategies above and beyond best practices, procedures, and design codes that currently apply to Enbridge construction and operations activities, we will address such strategies as part of the NEB process. In general, mitigation considerations could include pipeline design, construction practices, frequency of pipeline integrity reviews, and emergency response plans for the Swan Lake First Nation.
There was a pipeline release in our area approximately 12 years ago, what was done about it?	Enbridge response by letter: We believe the incident you are referring to be one that occurred on October 3, 1994 at MP 717.46 which is about 18 kilometres away from the Swan Lake First Nation. Seventy percent of the oil was recovered initially and the site was and is being remediated in accordance with all regulatory and environmental standards. Since the incident, we have monitored the soil, groundwater, and surface water. Some areas with low hydrocarbon concentrations have been returned to the landowner for annual cropping. Soil and groundwater monitoring was conducted in these areas in 2006 and is continuing.

How will Enbridge monitor the pipeline and prevent pipeline ruptures and spills?	Pipelines are the safest and only practical transportation mode to move large quantities of petroleum and petroleum products. As an industry leader, Enbridge has a comprehensive and evolving preventive maintenance program, including around-the-clock computerized monitoring of pipeline flow, regular internal inspections of the line and aerial patrols of the right-of-way. Externally, Enbridge has implemented an educational outreach program for landowners and excavators regarding the locations of pipelines and the need for awareness and pipeline safety. Enbridge is an active and supportive member of First Call.
General Project Information	
How deep will the pipeline be buried?	In all cases our pipelines meet or exceed government standards for burial depth at the time of construction. However, over time water and wind erosion may reduce the total cover of the lines. In some cases additional cover may be added where facilities have been identified as shallow. For larger areas or where additional fill is not practical, we may consider lowering the pipeline for safety.
What will the pipeline carry?	The proposed Southern Lights pipeline is a Diluent pipeline that will carry Diluent originating in the U.S. near Chicago to the Edmonton area.
Is the pipeline route finalized?	The preliminary route proposed is generally part of Enbridge's current pipeline right-of-way and will be part of our application to regulators. The proposed route was chosen in order to minimize disruption to communities and to avoid known environmentally sensitive habitat and wildlife areas as much as possible. The route is, of course, subject to regulatory approval and we welcome your input. Following public consultation and surveys, the final route will be selected and incorporated into our regulatory application.
Right-of-Way & Land Access	
Can you change the route to avoid crossing reserves and TLE lands? Several residential and commercial developments are planned for these lands.	Enbridge will work diligently with First Nations to identify feasible options in order to avoid impacting residential and commercial developments. Enbridge will work with First Nations to minimize impacts on their land where practical. The Southern Lights pipeline project has been routed to primarily follow the existing Enbridge Mainline right-of-way. These kinds of issues should therefore be minimized.

As with issues identified during public consultation activities, Enbridge is committed to responding to all issues raised by Aboriginal groups. Follow-up actions are being, and will continue to be, undertaken at various levels regarding these matters to try and address any outstanding concerns. Enbridge's consultation efforts will continue through the regulatory process and, when approval is granted, these activities will be extended through the construction and operations phases.

6.3.6 Next Steps

Enbridge will continue to actively engage all identified Aboriginal communities and organizations in meaningful dialogue concerning the Project. We will continue to meet with groups to provide information and updates about the Project, respond to inquiries, solicit issues, obtain information and respond to concerns that may arise. Further to Project specific meetings, Enbridge anticipates an active involvement in community events and initiatives in an effort to build and foster long-term relationships with Aboriginal communities and organizations.



Discussions will continue with a goal to achieving a formalized process between Enbridge and Aboriginal communities and organizations to help guide engagement and consultation activities. Moving forward, Enbridge will provide regular updates to the National Energy Board as to the progress of the Aboriginal engagement program.

7 ENVIRONMENTAL AND SOCIO-ECONOMIC ASSESSMENT

Tera Environmental Consultants (Tera) in cooperation with Mentiga Pedology Consultants Ltd., Applied Aquatic Research Ltd. (AAR), RWDI Air Inc., Clearstone Engineering Ltd., and Decision Economics Consulting Group prepared a detailed Environmental and Socio-Economic Assessment (ESA) for the Project. A copy of the ESA is provided as Volume II(a) and II(b) of this application.

The ESA was prepared to meet the reporting requirements of the NEB Filing Manual (2004) as well as Sections 16(1) and 16(2) of the CEA Act. The NEB is a Responsible Authority (RA) under the CEA Act. The NEB also has an independent mandate to consider and take into account any potential environmental and socio-economic impacts of the Project under the provisions of the *NEB Act*.

The ESA takes into account the differences between construction and operation of the reversed Line 13, modified Line 2 and the new LSr Pipeline. The activities and proposed modifications associated with Line 2 modifications and Line 13 Reversal are limited in scope and located within existing EPI pump stations, or in the case of valve modifications for Line 13 Reversal, on existing EPI right-of-way. The proposed new LSr Pipeline is located within or alongside and contiguous to existing EPI right-of-way for 97% of its length. Only 8 km of new right-of-way that is not alongside and contiguous is required. Since the proposed LSr Pipeline requires less than 75 km of new right-of-way, a Comprehensive Study is not required. Accordingly, the environmental assessment should proceed by way of a screening.

The ESA describes, among other things:

- the route and site selection process;
- the current environmental and socio-economic conditions along the proposed LSr Pipeline route and in the vicinity of the proposed facility modifications;
- potential environmental and socio-economic impacts, mitigation measures and predicted residual effects, as well as an assessment of their significance;
- potential cumulative effects as well as an assessment of their significance;
- environmental education, inspection and monitoring policies to be applied during construction and operation of the proposed Project as well as the proposed follow-up program as warranted; and
- plans to address any knowledge gaps and to carry out supplemental environmental studies.



The ESA concludes that the environmental management strategy for the Project will avoid, eliminate and/or minimize potential effects arising from the Project. The strategy includes measures such as: appropriate routing; scheduling of activities to avoid sensitive periods; development of detailed, practical and effective mitigative strategies and contingency measures to address site-specific and general issues; mitigation for residual and cumulative effects; environmental inspection and orientation during construction; and the use of supplemental studies. Based on the findings, the ESA concludes that the Project will not have significant residual and cumulative environmental and socio-economic effects.

8 APPENDICES

Appendix 1-1	Concordance Tables
Appendix 2-1	Line 13 Overview Map in Canada
Appendix 2-2	LSr Pipeline Overview Map in Canada
Appendix 2-3	Line 2 Modifications Overview Map in Canada
Appendix 2-4	2005 Annual Report
Appendix 2-5	CAPP Support Letter
Appendix 3-1	Transfer Agreement
Appendix 4-1	Muse Stancil Report
Appendix 4-2	CAPP Forecast and EPI Forecast
Appendix 4-3	Transportation Service Agreement
Appendix 4-4	Notices of Open Season and Associated Press Releases
Appendix 4-5	Engineering, Construction and Operations - Line 13 Reversal
Appendix 4-6	Proforma Rules and Regulation Tariff
Appendix 5-1	Engineering, Construction and Operations - Capacity Replacement Project
Appendix 5-2	NEB Section 87(1) Notice
Appendix 5-3	Land Acquisition Agreements
Appendix 6-1	Enbridge Corporate Social Responsibility Policy
Appendix 6-2	Enbridge Indigenous Peoples Policy
Appendix 6-3	Survey Notification Letter September 2006
Appendix 6-4	Open House Displays and Other Communication Materials
Appendix 6-5	Open House Advertising
Appendix 6-6	Web Site
Appendix 6-7	Open House Exit Survey
Appendix 6-8	Summary of Open House Survey Questions and Responses
Appendix 6-9	Manitoba Landowner Meetings Invitation January 2007
Appendix 6-10	Manitoba Landowner Meetings Presentation, Attendee List and Agenda