

Prepared Statement

of

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Mr. Chairman, Ranking Member Mica, and Members of the Committee:

Thank you for the opportunity to appear before you today to discuss the rupture on Enbridge Energy, Limited Partnership's Line 6B near Marshall, Michigan.

I and the entire Enbridge team remain deeply concerned by the incident. I have been based in Marshall since shortly after the spill. In the past seven weeks, I have met with hundreds of residents, local workers, first responders, and government officials. I want to assure you, as I have assured them, that we have taken full responsibility to address the impacts of the spill on the environment and on individuals and businesses in Marshall, Battle Creek, and the surrounding area.

Given the dedication of our employees, the experience of our pre-identified emergency crews, the approximately 500 Michigan residents we employed, and the local, state, and federal officials who worked with us, I am pleased to report that the spill was quickly contained and that we had succeeded in removing most of the released oil off the Kalamazoo River within a week. By the end of August, we met the Unified Command's goal of cleanup at the leak site and along Talmadge Creek. By the end of September, we will have succeeded in completing the bulk of the clean up. We are now in the process of completing our remediation efforts, working with the Environmental Protection Agency (EPA), the Michigan Department of Natural Resources and Environment, and other officials to restore the affected areas and to establish a long-term monitoring plan.

Before sharing more with you about our response to the spill, I want to put in context the scope of our North American operations, our overriding commitment to safety, and our exceptional environmental record. In particular, I want to share with you the extensive pipeline integrity program we have developed and other measures we have implemented in order to create systems for continual improvements and to meet the high standards we have set for ourselves.

For Enbridge, no spill is acceptable. We are committed to upholding the highest standards for pipeline safety and integrity. We will continue to invest heavily in pipeline safety through our preventative maintenance program, routine inspections, well-qualified workforce, and pipeline integrity program. We want to be as confident as we can be that our pipeline networks have the strength and operating fitness to perform safely, reliably, and in an environmentally responsible manner.

Once the investigations into this incident have been completed, Enbridge is fully committed to addressing whatever changes might need to be implemented so that we and others in the industry can avoid a repeat of this incident. We intend to work with you to ensure that the Committee's concerns and those of the communities in which we operate are fully addressed.

Background on Enbridge

Enbridge wants to be the leading energy delivery company in North America. We integrate our core values into our daily activities, helping us work toward achieving our collective vision. Our values guide the way we make decisions and conduct our business. We operate with integrity, honesty, and transparency. We operate to the highest ethical standards with our customers, investors, employees, partners, and regulators, and in the communities through which our facilities cross. And we aim to ensure compliance with all the laws in every jurisdiction in which we operate, including adhering to the tougher of the two when we are confronted with overlapping regulations from two different jurisdictions. As we hope you will find today and as we have sought to demonstrate in Marshall, Battle Creek, and the surrounding area, we communicate openly and honestly.

By pursuing these core values, we have grown our business substantially over the past 60 years. Today, our company operates the world's longest petroleum liquids pipeline system, serving customers throughout Canada and the United States. I am proud to say that we have approximately 2,200 employees in the United States. Last year, we delivered approximately two million barrels per day of oil to markets throughout North America. In fact, Enbridge transports to the United States more crude oil needed by refineries than any other company in the world. At present, we deliver approximately 12 percent of the total daily imports of crude oil into the United States.

As the operator of North America's largest crude oil pipeline system, Enbridge prides itself on safely and reliably delivering energy to people across the continent. We also are proud of our green energy portfolio, which is the fastest growing portion of our business, as we continue to invest more each year in renewable energy projects. In everything we do, we place the highest possible priority on protecting the safety of the communities in which we operate, the lands through which our pipelines traverse, and the people who live and work along our system.

Our goal is to have no leaks or spills, ever. That is why we invested nearly \$150 million last year alone on our pipeline integrity programs. And that is why we have a very significant compliance program in place, one that is intended to ensure our employees meet the highest standards for delivering product safely to market. For example, our management scorecard includes safety performance in a manager's performance ratings. We seek to continually improve our performance, to learn from our mistakes, and to achieve our safety objectives.

The substantial sums we spend annually on our pipeline integrity programs support activities such as corrosion control, monitoring, and advanced inline inspection technology that provide a millimeter-by-millimeter view of the pipeline. We also run regular ground and aerial pipeline patrols, and maintain a comprehensive program of digs to test the integrity of our pipelines. In addition, we have developed strong public awareness programs. We will continue to invest in these kinds of initiatives in the future to assure ourselves that we are able to maintain the integrity and reliability of our pipeline network.

Our record demonstrates our ability to translate positive ideals into positive outcomes. For instance, we have made considerable progress in reducing the number and magnitude of incidents over time caused by corrosion or third-party excavation. As a result, our underground system largely receives little notice in the communities through which our lines cross.

To put our safety record in perspective, our level of spills is about 40 percent of the industry average. Based on the miles of pipeline we operate, our line break rate is roughly half of the industry average. Between 2002 and 2009, for example, we reported only 0.451 incidents per 1,000 miles of pipelines—well below the 0.786 incidents per 1,000 miles of pipelines reported by all other pipeline operators, as reported to the U.S. Department of Transportation.

Response to the Rupture

Line 6B is a 30-inch pipe that runs from Griffith, Indiana, to Sarnia, Ontario. Constructed in 1969, it has an average daily capacity of 283,000 barrels. The line generally carries light synthetics and heavy and medium crude oil, supplying refineries in Ohio, Michigan, Pennsylvania, and eastern Canada. Initial estimates indicated that approximately 19,500 barrels of crude spilled as a result of the rupture. No one was hurt. A portion of the oil entered Talmadge Creek and from there entered the Kalamazoo River; the rest remained in the vicinity of the rupture.

Under the oversight of a host of federal, state, and local agencies, Enbridge implemented a swift and expansive response to the Line 6B rupture. Along with a team from our regional offices throughout North America, I arrived on scene on July 26th and have been based in Marshall since then.

Upon first notification of the release of oil, the pipeline was further isolated, having already been shut down for a planned delivery. That day, crews began installing containment boom that had been pre-positioned in Marshall. The initial focus was collection of oil off the river during the first week and then recovery of free oil from the immediate ground around the leak site. As a result of this swift and intensive intervention, the oil did not reach Morrow Lake. As of September 5, the EPA reported that 141,586 feet of boom had been deployed and 25 containment locations had been established. In addition, EPA reported that 8,434,487 gallons of oil/water, 12,726 cubic yards of debris, and 30,657 cubic yards of soil had been shipped off-site.

To address the needs of the local communities and to make information available as quickly and reliably as possible, we began making contact with residents in the areas of greatest direct impact along Talmadge Creek on July 26. By 9:45 p.m. that day, we had set up a hotline and provided the number to the local media to publicize. (As of last week, we have received approximately 9,400 calls from local residents on the hotline.) We also quickly published a website for the incident--www.response.enbridgeus.com--where area residents could find up-to-date information on the spill,

could measure our response to it, and could submit comments or questions. As of last week, we had received approximately 550 comments through the website; every one of those has received a response.

Within two weeks of the spill, we had opened two community centers. As of last week, those two centers had hosted approximately 2,500 visitors. We have a team of employees at each community center to work directly with residents to provide appropriate assistance. We know we will have ongoing questions from residents and we will be there to answer them and address any issues that need to be resolved.

Since arriving on scene on July 26, I made it a point to meet with as many people as possible, often in their homes, so that they could share their concerns directly with me and so that we as an organization could respond as quickly as possible to address their concerns. We mobilized a team as quickly as we could so that anyone affected would have housing and the medical care they deserved as promptly as possible, as well as to address their financial needs.

We established processes that provided direct assistance for pre-paid hotel stays, equipment, and services; reimbursement for cost of living expenses and other qualified expenses incurred directly as a result of the leak, voluntary evacuation, and clean-up activities; a home purchase program in response to potential impacts on home values; procedures for processing claims for property and personal damages (such as business interruption, nuisance and inconvenience, and temporary land access and use); and payment of medical expenses for those individuals without insurance or a primary care physician.

We sought to establish a fair, reasonable, and efficient process with as little bureaucracy as possible. As I have said many times, no one need sue Enbridge to be made whole from this incident. As questions have arisen about aspects of our initiatives, we have sought to remedy them as quickly as possible. For example, where releases were obtained in situations in which only documented expenses were reimbursed or the claimant received something other than a cash payment, we corrected those situations by making clear that we would pay any future claim that is documented, non-fraudulent, and non-duplicative.

Even though we believe the processes we put in place were and are fair, we recently decided to bring in former Michigan Supreme Court Justice Dennis W. Archer, an esteemed jurist, to conduct a review of the claims process and, if necessary, recommend ways to improve that process to assure its fairness and privacy protections.

We developed a plan to purchase homes from adversely affected individuals. For those residents who own property within 200 feet of the river--and who had put their homes up for sale before the spill--we will buy those homes at the full list price. For residents who own homes within that area and are concerned about a reduction in value or simply want to move, we will purchase their home at the pre-spill appraisal value. As of last week, we had purchased 4 properties and have an additional 14 homes in the final stages of purchase. An additional 59 appraisals have been completed or are now underway. Residents will have one year from the spill date to decide if they want to proceed with the sale option. We are hopeful that this voluntary home purchase program, with transactions occurring at full list or appraisal value, will provide buoyancy to the local real estate market.

We also made a point of working to bring as many people from the community as possible to help with the clean up and remediation effort. Our contractors are contractually required to comply with all laws, and that includes that their workers are fully documented and qualified. When allegations were made about the use of undocumented workers, we contacted the affected contractor and advised it of the allegations and asked it to review the situation with its subcontractor whose workers were being questioned. The contractor subsequently decided to terminate the subcontractor.

Effective August 10, the Environmental Protection Agency announced that the emergency phase of the incident was over. The agency has approved a long-term restoration and monitoring plan. Approximately 17,000 barrels of oil had been recovered by August 31. By September 27, our plan is to have completed removal of all residual oil, soil, and oiled vegetation from the banks of the Kalamazoo River.

There has been significant progress in removing oiled soil around the site, removing oiled vegetation, and cleaning up residual oil on the creek bank and river bank. In addition to the many thousands of air and water samples taken by EPA, as of September 6 Enbridge had taken close to 49,000 air samples and 2,000 water samples, a process that continues today. At the beginning of the month, we had approximately 1,800 employees and contractors working on cleanup and remediation. As of late last week, given the progress to date, we had reduced the scope of our effort but still had over 1,400 individuals engaged in the clean up effort. We are now focused principally on remediation.

Finally, Enbridge has been working with Focus Wildlife, the Michigan Department of Natural Resources and Environment, and the U.S. Fish & Wildlife Service to minimize the impact on wildlife in the area. We established a temporary wildlife rehabilitation center in Marshall to help animals affected by the leak. We have encouraged the public to call our toll-free number to report any wildlife affected by the leak or to register as a potential volunteer. A daily report on the number of wildlife in care and released is available on the U.S. Fish and Wildlife Web site.

Line 6B Pipeline Integrity Program

Because our pipelines are a very important asset and the safety of our operations is of the utmost importance, we pay very close attention to the integrity and reliability of our pipelines, starting with design, operations, inspections, and maintenance. On Line 6B, a comprehensive integrity assessment, testing, and remediation program has been underway for many years. In fact, it had been underway even before we completed in 2004 the baseline integrity assessment test required under the applicable integrity management rules for liquid petroleum pipelines established by PHMSA's Office of Pipeline Safety. Our management program includes efforts to identify, monitor, repair, mitigate, and replace sections of pipe based on the results of our frequent internal inspections. In addition to routine inspections and maintenance, the pipeline has been inspected with various internal inspection tools in recent years, exceeding the requirements set out in applicable pipeline safety rules. In 2005, for example, we undertook the first of three "geometry" runs. In October 2007, we undertook a corrosion inspection using magnetic flux leakage technology. In June 2009, the line was tested for corrosion through the use of ultrasonic technology. That test measures, among other things, pipe wall thickness and thus allows calculations to determine the strength of the steel when spots along the pipeline show even early signs of potential corrosion or

other potential defects. These inspections were conducted along the entire line, rather than just in the high consequence areas as currently required.

Since then, our inspection program has been ongoing. In fact, at the time of the rupture, we had just inserted a crack inspection tool in the pipeline at Griffith. We hope to complete that testing soon.

As with most underground pipelines, corrosion is an ongoing risk that must be managed and ultimately prevented. We carefully maintain our cathodic protection system and internally inspect the lines to monitor for early signs of corrosion. When internal inspections indicate that corrosion is light enough not to be a near-term concern, Enbridge has a program in place to continue assessing, monitoring, repairing, and prioritizing repairs. When more serious signs of corrosion are found, we have a program to excavate and stop the corrosion and replace the protective coating, to install a repair sleeve, or to replace a segment so that the potential risk of a leak is avoided. Repair or replacements have the common goal of returning an affected pipe segment to full strength and full operating conditions.

As part of our pipeline integrity program, we conduct weekly checks and maintenance inspections. In fact, we already had planned to undertake two additional internal inspection runs in 2011 on Line 6B. We want to be certain that the conditions identified in the runs in 2007 and 2009 have been appropriately addressed, and that we are able to confirm the schedule for planned repairs or identify any new conditions that may have emerged since those internal assessments were completed. While I believe that our current integrity methods are state of the art and are consistent with or exceed regulatory obligations, we also intend to learn from this event and, where needed, develop new measures that will help us and the industry assure that accidents like this one are prevented.

St. Clair River Dent

When we identify a feature in a line that may threaten the strength of the steel under maximum operating pressures, we investigate it. An internal inspection in August 2009 indicated the existence of a dent in Line 6B where it crosses under the St. Clair River. Following that discovery, we notified the Pipeline and Hazardous Materials Safety Administration.

We fully appreciate the concerns of the potentially affected communities. Because the site is very difficult to access, we immediately lowered operating pressure to 50% of maximum allowed to be conservative while we completed an underwater inspection of the river bed over the pipe and launched a comprehensive engineering assessment.

The dent is a smooth one without evidence of corrosion or sharp features. Given its characteristics, the dent has most likely been there since the pipe was installed over 40 years ago. The dent is near the top of the pipe. The pipe has a wall thickness of 0.500" and is coated with 3 inches of concrete and covered with a layer of engineered protective gravel. The location is approximately 15 feet under the river bed. The depth of water at that location is approximately 30 feet.

In accord with federal pipeline safety rules, we have since filed a written technical and engineering assessment report with the regulators. While the probability that the dent will cause a

leak is very remote, Enbridge has committed to replacing or repairing this segment of Line 6B so as to allay any remaining concerns.

Strong Environmental Record

As part of our commitment to undertake socially responsible operations throughout North America, we not only value a clean and healthy environment, but also have undertaken extensive efforts to implement them. At Enbridge's Annual General Meeting in Toronto in May, 2009, I announced an ambitious plan to stabilize Enbridge's environmental footprint. The Neutral Footprint Initiative, which is the result of that vision, is designed to mitigate Enbridge's environmental impact where it is felt most: on the trees we remove, the natural habitat we permanently alter, and the energy we use to power our operations.

It is our responsibility to take a balanced approach to development. Enbridge has begun to plant a tree for every tree we remove to create safe right of way, to conserve an acre of land for every acre of natural habitat we permanently impact, and to generate a kilowatt of renewable energy for every kilowatt our operations consume. Through these and other ongoing initiatives, we have committed to stabilizing our environmental footprint at January 2009 levels.

We also recognize that our relationship with fossil fuels comes with great responsibility. To that end, Enbridge is now investing heavily in renewable and alternative energy technologies, including seven wind farms, North America's largest photovoltaic solar facility, a hybrid-fuel cell system, a geothermal energy project, and waste heat recovery technologies. I am proud to report that this is the fastest-growing portion of our business. With our investment in more than 800 megawatts of green power capacity, we now can supply more than 270,000 homes with energy. These investments prevent 1.5 million tons of greenhouse gas emissions annually. But this is just a start. We are committed to growing our renewable and alternative energy technologies over time.

Conclusion

As I said at the outset, no spill is acceptable. Since Day 1, we have taken responsibility for cleaning up the spill, addressing the needs of the individuals and businesses in Marshall, Battle Creek, and the surrounding area, and remediating affected areas. We are cooperating fully with the pending NTSB and Office of Pipeline Safety investigations. We hope to learn from their findings and from our own review of the incident. We have committed to the people and communities affected by the rupture that we will make things right. We intend to work with you to ensure that the Committee's concerns and those of the communities in which we operate are fully addressed.

Thank you again for providing us with this opportunity to share our perspective.