

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30212  
LANSING, MICHIGAN 48909

BILL SCHUETTE  
ATTORNEY GENERAL

March 12, 2015

Bradley Shamla  
Vice President, U.S. Operations  
Enbridge Energy Limited Partnership  
Enbridge Pipelines (Lakehead) L.L.C.  
26 East Superior Street, Suite 309  
Duluth, MN 55802

Re: Enbridge Lakehead System Line 5 Pipelines at the Straits of Mackinac

Dear Mr. Shamla:

Thank you for your June 27, 2014, November 19, 2014, and February 27, 2015 letters regarding the Line 5 pipelines at the Straits of Mackinac, as well as your September, 2014 presentation to the Michigan Petroleum Pipeline Task Force. We are reviewing the information you and others have provided and look forward to further dialogue with Enbridge Energy Limited Partnership on various subjects related to the pipelines.

We write to you now to specifically address another issue of particular importance: financial responsibility and compliance with the terms and conditions of the April 23, 1953 "Straits of Mackinac Pipe Line Easement" granted by the State of Michigan to Lake Head Pipe Line, Inc., Enbridge's predecessor in interest. As you know, Paragraph J (1) of the Easement provides, in part, that:

Grantee shall indemnify and hold harmless the State of Michigan from *all damage or losses caused to property (including property belonging to or held in trust by the State of Michigan), or persons* due to or arising out of the operations or actions of Grantee, its employees, servants and agents hereunder. . . . Grantee *shall maintain in full force and effect during the life of this easement*, and until Grantor has approved completion of abandonment operations, a Comprehensive Bodily Injury and Property Damage Liability policy, bond or surety, in form and substance acceptable to [the State] in the sum of at least One Million

Dollars . . . covering the liability herein imposed upon Grantee.”  
(Emphasis added).<sup>1</sup>

By its terms, this provision of the Easement requires Enbridge, as the successor to Lake Head Pipeline, to maintain insurance, or other financial assurance acceptable to the State, covering the broad liability to the State for *all* damage or loss arising out of its operation of the Straits pipelines imposed by the Easement. Notably, that obligation is not limited to the \$1,000,000 minimum specified in the Easement in 1953.

The information provided by Enbridge to date in response to our previous request has not documented Enbridge’s compliance with the financial responsibility requirements of Paragraph J. Accordingly, we request that Enbridge provide, within thirty days, a written response that:

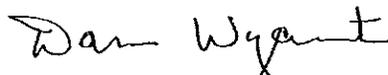
1. documents the form and amount of insurance it has in place to cover the liability imposed under the Easement; and
2. explains and documents how that amount is sufficient to cover liability for all damage or losses caused to property (including property belonging to or held in trust by the State of Michigan) or persons due to or arising out of the operations or actions of Enbridge, its employees, servants, or agents under the Easement for the Straits Pipelines.

Thank you for your attention to this matter. We look forward to your full and timely response.

Sincerely,



Bill Schuette  
Attorney General  
State of Michigan



Dan Wyant, Director  
Michigan Department  
of Environmental Quality



Keith Creagh, Director  
Michigan Department  
of Natural Resources

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<sup>1</sup> In addition, Paragraph J(2) requires the Grantee to maintain in full force and effect during the life of the easement a \$100,000 surety bond acceptable to the State to secure Grantee’s performance of the terms and conditions of the easement.