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May 9, 2018

Guy Paparella
Director of Growth Planning
Planning and Economic Development Department
71 Main Street West, 6th Floor
Hamilton, Ontario L8P 4Y5

Mr. Paparella,

Thank you for sharing the details of the recent City of Hamilton Council review of our notification letter of April 4, 2018 on the proposed sale of Enbridge's Line 10 crude oil pipeline to Westover Express Pipeline Limited (Westover Express), a wholly owned Canadian subsidiary of United Refining Company (United) in Warren, Pennsylvania.

Enbridge appreciates this opportunity to address the questions raised by the City. To provide further clarification on this matter:

Enbridge and Westover Express filed a joint application to the National Energy Board (NEB) seeking approval to transfer ownership of Line 10 to Westover Express on May 8, 2018. The full application can be viewed online at the NEB by following this link:
<https://apps.neb-one.gc.ca/REGDOCS/Item/Filing/A91854>).

Enbridge is exercising an option to sell the Line 10 pipeline to United, a U.S.-based refiner, under the terms of an agreement first announced in 2014. Line 10 is a 143-km pipeline that transports crude oil from Canada to United's Kiantone Pipeline in West Seneca, NY, and serves its refinery in Warren, Pennsylvania. The sole purpose of Line 10 is to deliver feedstock to United's refinery and the sale of Line 10 from Enbridge to United's wholly owned subsidiary, Westover Express, supports the business objectives of both parties.

The sale and purchase of Line 10 is strictly a financial transaction. There are no environmental permits triggered because there is no physical impact to the asset. The sale and purchase of Line 10 does require NEB approval. The Line 10 Canada/USA border crossing is under the jurisdiction of the U.S. Department of State, which has granted a permit and will conduct a review of the ownership transfer. The Line 10 sale and purchase does not require other approvals by any U.S. permitting entity, with the exception of an approval from New York State to transfer easement ownership for the pipeline Right of Way from Enbridge to Westover Express.

Line 10 is just one of five pipeline assets operated and maintained by Enbridge in the Hamilton area and no changes to Enbridge's workforce in Canada are expected as a result of the transfer of ownership.

Enbridge is committed to ensuring a seamless transition of ownership of Line 10 to Westover Express. Under the terms of our agreement, Enbridge will continue to operate and maintain the pipeline until at least the fall of 2022. As the sale process unfolds, Enbridge will continue to operate Line 10 in accordance with regulatory requirements and to the standards our stakeholders along the Line 10 corridor expect and deserve.

Additional details:

1. Enbridge and Westover Express will ensure that current agreements or commitments made to the City of Hamilton, Line 10 landowners, Indigenous communities, municipal and provincial agencies will be honoured. We anticipate no impacts or changes to the ongoing relationship between Enbridge and the City of Hamilton.
2. Enbridge will be responsible for the Municipal property taxes till the date of transfer. After the transfer date MPAC and the City of Hamilton will be notified of the asset change. Westover Express will then be responsible for Municipal property taxes after the transfer date.
3. Enbridge is exercising an option to sell the Line 10 pipeline to Westover Express, incorporated in British Columbia, Canada and a wholly owned subsidiary of United. The sale and purchase of Line 10 and transfer of NEB orders and certificates for Line 10 require NEB approval under Sections 21 and 74 of the NEB Act: <http://laws-lois.justice.gc.ca/eng/acts/N-7/index.html>
4. When Enbridge representatives presented to the GIC in April, 2017 regarding the Line 10 Westover Segment Replacement Project, Enbridge had not exercised its option to sell Line 10. The option to sell Line 10 wasn't exercised until October 2017.
5. Assets included in the sale of Line 10 include the mainline pipe, the mainline pump station at Westover, sectionalizing valves along the pipeline, sending and receiving traps, and pipeline instrumentation.
6. Enbridge will be transferring the easements it holds solely for Line 10 to Westover Express. Enbridge and Westover Express have agreed to terms for use of the Right of Way shared by Line 10 and Enbridge's Line 11.
7. The sale of Line 10 is not an expansion application. No changes to the operational parameters of Line 10 or the approved capacity of 74,200 barrels per day are included in this application for approval of the sale and purchase.

8. Westover Express will be bound, as is Enbridge, to comply with all regulatory requirements set out in NEB regulations

City of Hamilton – Enbridge - All agreements and permits as of May 3, 2018

City of Hamilton Access Permit #17-190	No expiry	City of Hamilton Access Permit is for using ingress/egress roads for construction purposes.
City of Hamilton Noise Exemption Permit (File No. 18-106807)	April 30, 2018	City of Hamilton Noise Exemption Permit is for deactivation and line fill of Line 10 around Westover Terminal and Nanticoke Junction.
City of Hamilton Temporary Lane Closure Permit (RO-000018987)	December 1, 2018	City of Hamilton (Blanket) Temporary Lane Closure Permit is for occupying portions of the impacted travelled roads for construction purposes, particularly for construction of the ingress/egress routes. This permit was renewed by the contractor on November 28, 2017.
City of Hamilton License Agreement	No expiry	License Agreement is for the permanent installation of the pipeline under municipal roads. This agreement does not expire.
Amending Agreement to License Agreement dated May 9, 2017	No expiry	Amending agreement is for the permanent installation of the pipeline under the City's municipal watermain in the Upper James Street right-of-way.
Amending Agreement to License Agreement dated May 9, 2017	No expiry	Amending agreement for approximately 4.2 kilometres of Concession Road 6 West from Kirkwall Road to the Enbridge's Westover Terminal located at 1430 Concession Road 6 West.
Email consent for TEC-2130-WL-115.01 and TEC-2183-WL-189.07.	No expiry	Email consent is for temporary equipment crossings over a municipal watermain in the Airport Road East and Cormorant Road rights-of-way.
Email consent for municipal drainage crossing.	No expiry	Email consent is for a permanent pipeline installation under a municipal drain pipe, under Fiddlers Green Road, and it doesn't expire.
Single Trip Overload Permit (Permit OS-000023656)	March 28, 2018	For hauling mobile crane parts down City roads during spring thaw.
Email consent for municipal waterline crossing (TEC-2130-WL-193)	No expiry	For the pipeline crossing of a municipal waterline.
City of Hamilton Permit to Remove or Injure Trees (Permit #08-2016) – Obtained by Environment	December 31, 2017	To remove or injure trees on municipal lands during construction.
City of Hamilton Access Permit #16-176	No expiry	To access T72 from T74 (Butter Rd) for stage 4 archaeological studies.

City of Hamilton Access Permit #16-175	No expiry	To access T73 from T74 (Butter Rd) for stage 4 archaeological studies.
Road Occupancy Permit (Permit RO-000017105)	January 13, 2017	To temporary park vehicles/equipment on Butter Rd for access to stage 4 archaeological surveys.
Road Occupancy Permit (Permit RO-000014764)	June 2016	To temporary park vehicles/equipment on White Church (at Highway 6) Rd for access to stage 4 archaeological surveys.
Email Consent	No expiry	Access to drill geotech borehole on T94 (White Church Rd undeveloped road allowance)
Road Occupancy Permit (Permit RO-000014384)	May 31, 2016	To temporarily park vehicles/equipment off Concession Rd 4 for access for geotechnical studies.
Road Occupancy Permit (Permit RO-000016784)	December 9, 2016	To temporarily park vehicles/equipment off Concession Rd 2 for access for geotechnical studies.
Road Occupancy Permit (Permit RO-000016447)	November 30, 2016	To temporarily park vehicles/equipment off Book Rd for access for geotechnical studies.
Road Occupancy Permit (Permit RO-000014387)	May 31, 2016	To temporarily park vehicles/equipment off Powerline Rd for access for geotechnical studies.
Road Occupancy Permit (Permit RO-000014385)	May 31, 2016	To temporarily park vehicles/equipment off Highway 5 for access for geotechnical studies.
Road Occupancy Permit (Permit RO-000014386)	May 31, 2016	To temporarily park vehicles/equipment off Orkney Rd for access for geotechnical studies.

We trust that this information will adequately address the interest of City Council in this matter. Please let me know if you wish to meet with Enbridge representatives or if additional information is required to help you prepare your update for Council.

Sincerely,



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