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Office of the General Counsel

January 16, 2013

Doug Scott
Chairman
Illinois Commerce Commission
160 North LaSalle Street
Suite C-800
Chicago, IL 60601

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Jesse P. Padilla
Linda B. Potts
Jennifer L. Vance
Scott Walls
A.J. Zimmerman

RE: Case No. 12-0347 - Enbridge Flanagan South Pipeline Project

Dear Mr. Scott:

Illinois Farm Bureau is a voluntary not-for-profit membership organization controlled by farmers who join through their local county Farm Bureaus. Illinois Farm Bureau is the largest membership organization in the state representing Illinois farmers, and has over 80,000 farmer members.

The majority of farmer landowners impacted by the Enbridge Flanagan South pipeline project ("project") are Illinois Farm Bureau members. Accordingly, Illinois Farm Bureau has been actively involved in tracking the project, working with the Illinois Department of Agriculture in commenting on the Agricultural Impact Mitigation Agreement relating to the project, and providing landowner presentations to its membership regarding the project.

Part of Illinois Farm Bureaus involvement in the project includes review of the Illinois Commerce Commission ("ICC") proceedings to verify that information presented to the ICC is appropriate to allow the ICC to make as informed decision as possible when ruling on a case. In this regard, Illinois Farm Bureau is providing the following comments in order to insure the ICC has the appropriate information to base its decisions on the project.

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In particular, Illinois Farm Bureau wants to inform the ICC of concerns that may exist with whether Enbridge is negotiating with landowners in good faith. It is our understanding that the ICC will look to whether Enbridge has conducted its negotiations in good faith in determining whether eminent domain is appropriate to grant in this case. Based on recent information provided to Illinois Farm Bureau, we request that the ICC explore Enbridge's recent actions before making a decision on eminent domain.

In making these comments, Illinois Farm Bureau notes that it does not have an official position on the project, does not represent any individual landowners, and has not formally intervened in this case. However, based on the status of the ICC case and the fact ICC staff has recommended that Enbridge receive a Certificate of Good Standing and Eminent Domain authority, we feel that alerting you to these concerns is the best way to help the ICC make as informed a decision as possible.

I. Enbridge Sets January 9, 2013 Date as Deadline to Negotiate, Despite No Indication of a Final Ruling by the ICC

Within the past week, Illinois Farm Bureau has received a number of complaints from its landowner members regarding a letter (see attached) received from Enbridge stating that landowner negotiations will cease on January 9, 2013. If a landowner refused to negotiate before that date, then Enbridge states that it will refer to the 1950's era easements that allow the company to place an additional pipeline on a landowner's property for an extremely nominal sum (in some cases amounting to only \$150).

Prior to this letter being sent out, Enbridge provided numerous testimony to the ICC that it will negotiate with landowners in good faith and pay them market value for the property that is impacted by the new pipeline. ICC staff acted on this testimony in making its recommendation to the ICC Board. As the ICC has yet to issue a final ruling on this case, and the ICC process could extend into the early summer, landowners are being unfairly coerced into signing off on a new agreement when there is still ample time to negotiate new terms.

In addition, Illinois Farm Bureau has received comments from landowners who received letters stating the January 9, 2013 deadline, even though the landowners were still in the process of conducting (and in some cases finalizing) negotiations. Some landowners also noted they received a letter with the January 9, 2013 deadline even though they had already agreed to new terms with Enbridge. Ultimately, this has resulted in a great deal of confusion among our landowner members as to how to continue to conduct good-faith negotiations with Enbridge.

II. Enbridge Refuses to Incorporate Agricultural Impact Mitigation Agreements into New Contracts with Landowners

Illinois Farm Bureau has been actively involved working with the Illinois Department of Agriculture in commenting on the Agricultural Impact Mitigation Agreement ("AIMA") relating to the project. As you are aware, the AIMA provides essential baseline protections to agricultural land during the pipeline construction process. As this is technically an

agreement between the Illinois Department of Agriculture and Enbridge, landowners are advised to incorporate the AIMA into their own easements in order to insure the landowner can enforce the protections outlined by the Department of Agriculture.

A number of landowners have complained that Enbridge refuses to incorporate the AIMAs into their easements. Illinois Farm Bureau cannot understand why Enbridge is not willingly to stand by the terms of the AIMA by acting in this fashion. It has recently come to our attention that Enbridge may be changing its course of action and agreeing to incorporate AIMAs into easements that are entered into from this date forward. However, this still means that a number of landowners have no guarantee the AIMA terms apply to them and this situation is another indication that Enbridge may not be acting in good faith in dealing with landowners.

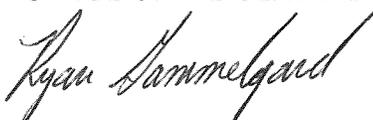
III. Before Ruling on Eminent Domain Authority, Illinois Farm Bureau Requests Further Examination Into Enbridge's Negotiation Techniques

As previously noted, it is our understanding that the ICC will evaluate whether Enbridge has conducted its negotiations with landowners in good faith before determining whether eminent domain is appropriate to grant in this case. Based on the information provided above, we believe that a further examination of the negotiation process conducted by Enbridge is required before coming to a decision in this case.

Illinois Farm Bureau presents these public comments in the hope they will better inform the ICC when making decisions on this project, and appreciates any consideration you will give them before arriving at your decision on this case.

Sincerely,

OFFICE OF THE GENERAL COUNSEL



Ryan Gammelgard
Attorney II
Illinois Farm Bureau

Enclosure

cc: Lula M. Ford
Erin M. O'Connell-Diaz
John T. Colgan
Ann McCabe



Flanagan South Pipeline Project
Enbridge (U.S.) Inc.
1409 Hammond Avenue
Second Floor
Superior, WI 54880
www.enbridge.com/flanagansouthpipeline
Toll-Free: 877-797-2650

December 26, 2012



RE: Enbridge, Flanagan South Project Tract Number:

Dear

As you are aware, Enbridge Pipelines (FSP) L.L.C. ("Enbridge") plans to construct the Flanagan South Pipeline on your property. Enbridge's Flanagan South Pipeline Project (the "Project") is moving forward, with the start of construction anticipated in August 2013.

Enbridge has a perpetual easement on and across your property by way of a Right-of-Way and Easement Grant dated and recorded on (the "Easement"). The Easement grants Enbridge the right to construct and operate one or more pipelines within its right-of-way and the right to use lands immediately adjacent to each side of the right-of-way as is reasonably required during construction. The right to construct an additional pipeline on your property may be exercised upon payment to you as described in the Easement. For your convenience, a copy of the Easement is enclosed.

Enbridge plans to exercise its Easement rights to install the new pipeline and use lands adjacent to the right-of-way for temporary workspace to complete the work needed for this Project. Our agents have negotiated with you regarding the right-of-way on your property located in Fulton County, Illinois. However, to-date those negotiations have not been successful.

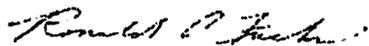
The amount to be paid for constructing the new pipeline is stated in the Easement and was negotiated at the time it was signed. Enbridge's practice is to adjust that amount to reflect present land value as part of our commitment to working fairly with landowners. Enbridge previously offered you the sum of \$ as compensation for construction of the pipeline and use of temporary workspace. This offer was based upon the fair market value of the easement area plus 30% of the market price for the temporary workspace. ***This offer will expire on January 9, 2013.***

To accept the offer, please sign and complete the enclosed Additional Pipeline Rights Exercise and Receipt and W-9 tax form and mail them by January 9, 2013, using the enclosed, self-addressed, stamped envelope. Upon receipt, Enbridge will promptly send you a check in the amount of \$: [REDACTED]

If you reject this offer, Enbridge will proceed with exercising its Easement rights and will arrange for payment to you for the amount required by the Easement, which is \$ [REDACTED]. Once Enbridge tenders this amount to you, it is entitled to begin construction of the pipeline on your property and plans to do so. Enbridge will tender this amount to you without prejudice to any of its existing rights.

However, Enbridge prefers to work with landowners to reach mutually satisfactory terms and a window of opportunity remains to attempt to do so. We would certainly welcome another meeting with you. Please contact the right-of-way agent for your area, Sam Weaver, at (715) 817-6155 as soon as possible to schedule an appointment. If we do not hear from you by January 9, 2013, we will consider our offer declined. Enbridge expects to begin construction of the Project in your area starting in August 2013 and will advise you in advance when construction is likely to begin on your property.

Sincerely,



Ron Fuchs

Enclosures:

Easement
Additional Pipeline Rights Exercise and Receipt
Tax Form W-9
Self-Addressed Stamped Envelope