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May 5, 2020

Chair Wiggins and Tribal Council Members,

I write you today for several reasons, the first of which is to reiterate our offer of \$15,000 to support your work in keeping your Tribe safe and healthy during this unprecedented time. There are no conditions associated with this donation, which is consistent with assistance Enbridge has provided to over 150 Indigenous Nations along our operating footprint.

As you are aware, we continue to maintain the safe operation of our pipeline on the Reservation with the assistance of your Natural Resources Department. We recognize that your Natural Resources Department dedicates a great deal of time addressing our environmental and access permit requests, and our offer to establish an agreement to compensate for this staff time remains open. Enbridge has established additional safety protocols to prevent the spread of COVID-19 so that we can continue to maintain the level of safe pipeline operations expected by the Bad River Tribe, ourselves and the public.

I also wish to address some key settlement questions your attorney, [REDACTED] posed to our attorney, [REDACTED] on April 16, 2020, and again with our attorneys, [REDACTED] and [REDACTED] on April 22, 2020. These topics included:

- alternative routing for Line 5,
- Band input on our operational protocols, and
- increased payment for an off-Reservation route.

All of these matters have been on the table for the past two years.

[REDACTED] asked if Enbridge has considered relocating Line 5 around the Bad River headwaters. In fact, we have examined such a route and have determined it is not feasible and would have more environmental impact. Enbridge tried in good faith to cooperate and collaborate with the Band on a reroute—as early as November of 2018 when Enbridge invited the Band to provide input to a reroute off the Reservation. This routing was discussed again in March and April of 2019, during which time, Enbridge was told that the only acceptable option was to reroute around the Bad River watershed, and there would be no cooperation if any other scenario was explored.

As you are well-aware, we continue to address your lawsuit by expeditiously moving forward with permitting a reroute of Line 5 outside of the Bad River Reservation. While a route has been chosen, we would welcome a discussion with you about enhanced safety features and construction methods around the Bad River and other important waterbodies our proposed relocation project crosses.

We are disappointed that our settlement offer sent to the full Tribal Council on March 6, 2020 has not yet been addressed. We initially provided the Band a month to respond regarding our offer but extended it to April 15th in light of the pandemic. Unfortunately, our offer has now expired. The financial offer was less than what we have paid other Tribes through recent easement negotiations to operate on their reservations and, importantly and distinctively, was a settlement offer to cease operations on the Reservation and reroute Line 5 (at a significant cost). It is critical to note that Tribes that have received greater financial settlements recognized the benefits that a long-term settlement can provide and have entered into a right-of-way agreement with us for 20-50 years. If the Band is interested in a financial settlement similar to those reached by Enbridge with other federally recognized tribes, Enbridge and the Band would need to agree to a long-term easement on the Reservation. Enbridge continues to remain open to such a discussion and feels that this option could provide a win-win opportunity for us both.

Given the Band's long stated position that Enbridge must cease operations on the reservation, including the Council resolution in 2017 denying renewal of the Enbridge Line 5 Grant of Easement and your lawsuit of July 2019, Enbridge has been moving expeditiously with advancing the reroute of Line 5. Unfortunately, given the economic reality of investing in the re-route, at some point in the near future, Enbridge will no longer be able to consider renewing easements on the Reservation, and the value of a settlement offer to cease operations on the Reservation will materially decrease from our now lapsed proposal. Notwithstanding these realities, Enbridge remains most interested in a mutually beneficial settled outcome, welcomes such discussions with the Tribal Council, and encourages you to provide us a proposal for either easement renewal or coordinated rerouting and decommissioning. Time is of the essence.

Finally, we are grateful for the dedication and diligent work of your Natural Resources Department staff regarding Slope 18, and we are pleased to have addressed the issue. The pipeline is now covered and supported, and we recognize that there are some remaining items to address. During the project, we were able to employ up to 13 tribal citizens on a field crew of 26. We are committed to maximizing tribal citizen hire and providing training where necessary and will work to maximize tribal citizen hiring for the proposed work at the Bad River meander.

We know that the meander is of great concern to you and your fellow citizens, and we are committed to implementing solutions as soon as we receive approvals. We submitted our initial applications in December 2019, and recently had to submit revised permits for alternate access from Government Road. The permit revisions for the soil borings is

necessary because we are now in non-frozen conditions. We have been awaiting these approvals and are available to address any questions that you or the Natural Resources Department have. We have been informed by the Wisconsin Department of Natural Resources (DNR) that DNR's Chapter 30 rules apply within the Reservation for the Tree Revetment proposal to reinforce the riverbank. For the DNR to proceed with the permit, they have requested permission from the interest holders. BIA records indicate that the Band holds 46% interest. Therefore, we respectfully request that the Band provide Enbridge or the DNR with its authorization (pending final Band approval of the project) so that the DNR will begin processing the Chapter 30 permit.

I am sharing Enbridge's candid assessment of the prospects for settlement here in the spirit of openness. I worry greatly that the opportunity for a meaningful and long-term settlement is rapidly diminishing.

Notwithstanding this point, at a minimum, we hope you will reconsider our offer for financial support for the pandemic and supporting your department of Natural Resources, neither of which are dependent on settlement with us.

Regards,

A handwritten signature in blue ink, appearing to read "Vern Yu". The signature is fluid and cursive, with the first name "Vern" and the last name "Yu" clearly distinguishable.

Vern Yu

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