Enbridge Inc.
3000 Fifth Avenue Place
425 – 1st Street S.W.
Calgary, AB T2P 3L8
Canada
www.enbridge.com

ENBRIDGE

September 25, 2008

Sir David Tweedie
International Accounting Standards Board
Canadian Institute of Chartered Accountants
30 Canon Street
London 4C4M 6XH
United Kingdom

Dear Sir David:

Re: Discussion Paper on IAS 19 *Employee Benefits*

Enbridge is pleased to have this opportunity to share with you our perspectives and comments on the Discussion Paper Preliminary Views on Amendments to IAS 19 Employee Benefits. Enbridge operates, in Canada and the U.S., the world's longest crude oil and liquids pipeline system and is listed on both the Toronto Stock Exchange and the New York Stock Exchange. Enbridge has a variety of basic and supplemental pension plans which provide both defined benefit and defined contribution benefits At Enbridge we strive to provide our investors and stakeholders with reliable and relevant financial information which enables them to accurately assess Enbridge's financial position and performance. It is with these objectives in mind that we respond to the Employee Benefits discussion paper.

General comments:
We recognize the need for increased transparency and simplicity in accounting for pensions and other employee benefits. However, we question whether the IASB short term approach is the most effective means for change. Given the IASB's long term goal of convergence with US GAAP, we had hoped to see convergence with the current FASB standards as a proposed approach. Financial statement users continue to comment that the current pension disclosures are confusing and too complex. Revisions to the current IASB standard inconsistent with the current FASB standards will lead to even further confusion and complexity. Moreover, each of the proposed approaches will require entities to expend significant time and resources to revise their systems and processes. As such, we believe the step by step approach to revising this standard will likely result in additional costs to entities as they implement each stage of this project and decrease transparency.

We have assessed each of the proposed approaches and do not believe that the options proposed provide for either increased transparency or simplicity in accounting for pensions. Nevertheless, of the three options proposed we believe the second approach provides the most predictive value to the end user, most closely reflecting the current economic costs to the sponsor each period.

Question 3 from the discussion paper

a) Which approach to the presentation of changes in defined benefit costs provides the most useful information to users of financial statements? Why?

We believe that the second approach provides the most useful information to the user. Although approach 1 is in line with other IFRS standards, we believe that this approach provides little predictive value to the financial statement user. Given the long term nature of the plan assets and obligation, short term fluctuations in market value reflected in profit/loss provide little predictive information to the user. Such gains and losses would merely be normalized out by analysts because they are not reflective of the actual or expected cash outlay required by the entity. The funding requirement and funded status calculated for the pension regulators requires different assumptions than under accounting standards. Under the current IAS 19 standard, entities are provided the option of recycling the gains and losses attributed to changes in assumptions, such as the change in discount rate which impacts future periods, through profit and loss in the period. This method allows for the theoretical matching of the change in asset or liability with the respective expense. However, approach 1 assumes that the asset or liability is funded in its entirety in the current year even though the gain or loss relates to a future obligation that is not intended to be settled in the near term.

Under the second approach, service costs and changes in service costs associated with changes in assumptions are reflected in profit and loss in the period while all other costs are reflected in other comprehensive income (OCI). Although, some would argue that this method does not reflect relationships between assumptions, specifically the total return on plan assets and the obligation, because this option does not require the disaggregation of the interest expense and interest income, we disagree with this assertion. Often the asset management strategy of an entity does not necessarily mirror the obligation. Entities will often invest with a goal of exceeding the prevailing discount rate. We believe this option provides the most predictive value to the user since it reflects both current costs and changes in demographics. It also provides useful information to users because gains and losses are disaggregated by their nature and conceptually reflects operating and financing component of pension costs separately. Moreover, we believe this approach is similar with the treatment of revaluation gains and losses for property plant and equipment, whereby the gains and losses are reflected in OCI.

Approach 3 requires re-measurement gains and losses caused by changes in financial assumptions to be reflected in OCI and other costs are reflected through profit/loss. Because this option requires the entity to isolate both the interest expense on the obligation and interest income on the plan assets, this approach is the most complex. The IASB has provided three options for deriving the interest income – expected rate of return of assets, interest and dividend income from plan assets, market yields from high quality bonds. We agree with the board's assertion that the expected rate of return provides entities an opportunity to choose a rate with a view of manipulating earnings. However, the use of an expected rate facilitates determining the quarterly pension expense. The use of the actual return will require additional time and resources and likely the use of the actuary. Given the reporting deadlines, it may be impracticable to calculate actual returns as sufficient reliable date may not be available. As a result, the use of actual return rather an expected return likely does not provide additional value above the foreseen costs to compile.

Deriving the interest income from dividends on equity plan assets and interest earned on debt plan assets provides for an easily verifiable option for calculating the interest income. However, we agree with the board's criticism of this option, as this method would provide incentive for entities to invest in certain types of investments, which yield the best results given the accounting at a greater cost to the plan sponsor. Moreover, it overlooks other changes in the fair value of plan assets which are significant and central to most plan sponsors' investment strategy. Finally, we agree with the Board assertion that the use of market yield at the reporting date on high quality corporate bonds to input interest income provides little useful information to the user.

Of the three approaches, we believe the second approach provides the most useful information to the financial statement user and is the most appropriate of the options provided. We believe this option provides the most predictive value to the user since it most closely mirrors the current economic costs to the entity, and provides for the disaggregation of the gains and losses which enables the user to better understand what is driving the changes in the pension plan or other post employment benefit plan.

b) In assessing the usefulness of information to users, what importance do you attach to each of the following factors, and why:

   i. Presentation of some components of defined benefit cost in other comprehensive income; and

      We believe that the components of defined benefit costs included in other comprehensive income (OCI) should be aggregated on the statement of OCI. Disaggregation should be included in the note disclosure. Given the number of assumptions and possible permutations of changes, we believe disaggregation in the statement of OCI would be overwhelming and confusing to the user.

   ii. Disaggregation of information about fair value?

      As noted above, we do not feel this information provides value to the financial statement user as it is the total portfolio value that is most relevant to the user. It provides the asset manager incentive for certain types of asset mixes which may not provide the highest return on investment.

c) What would be the difficulties in applying each of the presentation approaches?
   See our response to question 3a).

Enbridge is appreciative of the opportunity to comment on this discussion paper.

Sincerely,

"Signed"

Colin Gruending
Vice President & Controller
Enbridge Inc.