PRESENTATION OF ROGER GAUTHIER ON BEHALF OF THE STRAITS AREA CONCERNED CITIZENS FOR PEACE, JUSTICE AND THE ENVIRONMENT

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My name is Roger Gauthier and I am making this presentation on behalf of the Straits Area Concerned Citizens group. As a group we are concerned about the adequacy of Enbridge's liability coverage for a rupture of Line 5 in the Straits of Mackinac. We do not hold much hope that the State of Michigan commissioned Risk Assessment report to be released next month will address all the direct losses from a catastrophic rupture of Line 5. Our concerns about this report can be contained in the following 8 areas.

NUMBER 1 – We truly expect that the upcoming Risk Assessment report will under-estimate the "worst case scenario." It should be clear to almost everyone that a worst case scenario would be a loss of BOTH 20" lines caused by an anchor strike from a freighter transiting the Straits. Enbridge's claim that they can shut down Line 5 in 10 minutes is pure fantasy. This worst case scenario could be 125,000 barrels of crude oil released into the Straits. Anything less will be unacceptable.

NUMBER 2 – A worst case oil spill will never be contained in the Straits of Mackinac. The Straits of Mackinac for most of the year have currents that are too fast, waves too high, water too deep or ice cover that is too unstable for conventional oil spill containment equipment to be used. There are not enough boats, oil booms, specialized equipment and trained personnel within a reasonable distance of the Straits to contain an oil spill within the first 12 hours after a release, causing oil to be dispersed throughout Lakes Michigan and Huron and downstream into Lakes St. Clair and Erie.

NUMBER 3 – We fully expect that the Risk Assessment report will focus almost exclusively on Enbridge's liability for cleaning up their under-estimated worst case spill. An oil spill in a large freshwater system like the Great Lakes will NEVER BE CLEANED UP! Petrochemical products do not biodegrade in a freshwater system. Clean-up costs alone will be as large as the costs incurred for the Exxon Valdez spill in Alaska which were $2.0 billion.

NUMBER 4 – If the upcoming Risk Assessment report under-estimates tourism losses as a consequence of a worst case spill, this will be a true miscarriage of responsibility. Analysis of the "Pure Michigan" tourism campaign identifies that the area from Traverse City to Alpena and from Escanaba to Detour could incur losses of at least $2.4 billion in the first year after a spill. Compounding these losses over a 5-year period could push this estimate up to $8 billion.

NUMBER 5 – We also expect that the Risk Assessment report will grossly underestimate the decline of market value for shoreline property. Our initial estimates for market value declines incurred by at least 37,000 property owners over 700 miles of shoreline would be $2.4 billion. Property value declines would directly affect tax revenues for affected communities, reducing public services that we all currently receive from our local counties and municipalities.

NUMBER 6 – We expect that the Risk Assessment report will grossly underestimate the impact of oil spill recovery operations on commercial navigation. Transportation of iron ore, grain shipments and packaged goods would be curtailed by at least 3 months reverberating throughout the Great Lakes system. The Straits is the "choke point" for commercial navigation throughout the entire Great Lakes system. These costs are difficult to assess but are clearly in the billions of dollars.

NUMBER 7 – The long-term impact on the fishery in Lakes Michigan and Huron and downstream also will likely be ignored. In 2005, The Brookings Institute estimated that the Great Lakes fishery provided up to $8 billion to the region, most of which occurs in waters that would be affected by a Line 5 worst case discharge.

NUMBER 8 – We also expect that the upcoming Risk Assessment report will grossly underestimate losses to the recreational boating sector, permanent damages to the flora and fauna of the region and increased public health costs directly attributed to atmospheric toxic exposure and mental health and drug addiction problems caused by increased unemployment and depression. What price tag would you put on these direct consequences?

In conclusion, the upcoming Risk Assessment report better come up with a liability requirement for Enbridge of at least $20 billion. Otherwise the public should consider that this report as being worthless and DOA ….. Dead on Arrival!

Thank you for the opportunity to speak.