



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

Stephen J. Wuori
Executive Vice President, Chief Financial
Officer & Corporate Development
Tel: 403-231-5727
Fax: 403-231-5783
steve.wuori@enbridge.com

February 26, 2007

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 021

Enbridge Inc. is pleased to provide comments in regard to the proposal to supercede Audit Standard No. 2.

Our Experience To Date

Enbridge Inc. sponsors and manages three different NYSE registrants subject to Sarbanes Oxley (SOx) legislation. Enbridge Inc.'s affiliates, Enbridge Energy Partners, L.L.C. and Enbridge Energy Management L.P., are domestic filers and were first required to certify with their fiscal year-ending December 31, 2004. As a foreign private issuer, Enbridge Inc. first certified with its fiscal year-ending December 31, 2006. As such, a large proportion of the Enbridge group of companies has had over three years of experience with SOx 404 legislation and Auditing Standard No. 2 (AS2). Although we have seen some improvement in cost and effort over the past three years, we continue to experience challenges in achieving substantial benefits from the compliance process. Both management and external auditor efforts remain excessive, as the risk-based focused guidance has not been implemented as anticipated. By not focusing on areas of high risk, management feels that the effort expended on low risk areas is not the intent of SOx 404 legislation, and is unlikely to help reducing the likelihood of a material misstatement.

We believe that the PCAOB file reviews being experienced by the external auditor community are not consistent with the spirit of the guidance. The interpretation of "more than remote likelihood" has resulted in much lower materiality for testing and evaluation of controls from that used previously in the financial statement audit. This results in significantly more details and extent of documentation requirements, which has decreased the extent of professional judgment the external auditors are willing to use, in their evaluation of both management's assessment of the effectiveness of controls and their own evaluation of the controls. Hence, management's efforts must be extensive to be relied on by the external auditor, and the external auditor's efforts need to be extensive to support

their assurance opinion. The reliability of financial reporting is not enhanced by the extent of the procedures performed.

Comments on Auditing Standard No. 5

Enbridge views the proposed Auditing Standard No. 5 (AS5) as favorable, specifically with respect to:

- Eliminating the requirement for the auditor to report on management's assessment,
- Using the work of others, eliminating the principal evidence provision and testing of the control environment,
- Focusing on entity-level controls first, then addressing transactional or downstream controls in areas of higher risk,
- Selecting locations based on assessed risk,
- Using knowledge gained in prior audits,
- Performing management assessments and external audits to detect only material weaknesses, based on risk assessment,
- Revising definitions of 'material weakness' and 'significant deficiency',
- The allowing of flexibility in the application of professional judgment.

We believe that the scalable concept contained in paragraphs 9 to 12 of PCAOB AS5 should also apply to small/remote divisions/locations of large filers, where management daily interaction should be an acceptable monitoring control.

Application of AS5 Going Forward

Enbridge sees some challenges in applying the new Standard (AS5) going forward:

- Differences in approach between management and external auditor with respect to materiality may impact scoping, extent of testing, and the eventual evaluation of deficiencies.
- SAB 108 guidance may cause confusion for both management and the external auditor as to materiality.
- The principal audit evidence requirement is eliminated, so it is unclear as to the extent of testing required on the part of the external auditor to ensure high-risk areas are covered. This may also cause confusion for management and the external auditor as to evidence requirements.
- Management and the external auditors may have different testing approaches, which may result in excessive testing. Reduction in external audit fees may not be realized from increased reliance on the work of others, in the assessment of entity level controls first, and the elimination of the auditor opinion of management's assessment.
- Specific definition of "reasonable possibility" versus "more than remote likelihood" is required to ensure deficiency evaluation criteria, and resulting testing materiality levels can be established and applied quickly.

- The requirement for the external auditor to apply an integrated audit approach may tie management's approach to the external auditors' more than anticipated.

Although the proposed changes are favorable, we believe that these changes may not result in a reduction in external audit fees for the first two years after the adoption of AS5, and may in fact increase during this period as the changes may result in considerable re-engineering in the planning, risk analysis, and eventual work undertaken by the external auditor. Additionally, we are doubtful that the external auditor will meaningfully change its approach and extent of work until it sees tangible specific confirmation from the PCAOB in regard to file reviews expectations or receive PCAOB file review feedback on audit files created after AS5 is adopted.

Conclusions

Enbridge views the proposed Audit Standard No. 5 as favorable and would recommend that the PCAOB adopt it, but clarify perceived inconsistencies with the SEC guidance and publish file reviews expectations to external auditors as quickly as possible to ensure external auditors have confidence in implementing AS5 during the current year.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Wuori', with a long horizontal flourish extending to the right.

Stephen J. Wuori
Executive Vice President,
Chief Financial Officer
& Corporate Development
Enbridge Inc.