

CT-2001/008

THE COMPETITION TRIBUNAL

IN THE MATTER OF an application by the Commissioner of Competition for a Consent Order pursuant to sections 79 and 105 of the *Competition Act*, R.S.C. 1985, c. C-34 as amended;

AND IN THE MATTER OF certain practices of anti-competitive acts by Enbridge Services Inc. ("ESI") within certain markets in the province of Ontario;

AND IN THE MATTER OF an abuse of dominant position in the supply of conventional or power vented natural gas fuelled water heaters not used for commercial purposes ("water heaters") and related services within certain markets in the province of Ontario.

BETWEEN:

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED	FEB 15 2002 <i>GL</i>
REGISTRAR — REGISTRAIRE	
OTTAWA, ONT. #1(h)	

THE COMMISSIONER OF COMPETITION**Applicant****- AND -****ENBRIDGE SERVICES INC.****Respondent**

**STATEMENT OF GROUNDS AND MATERIAL FACTS
"ADDENDUM"
DATED FEBRUARY 14TH, 2002**

The following is an Addendum to the Statement of Grounds and Material Facts filed in the above-noted matter. The Addendum is filed with the Consent of the Parties.

1. Certain developments have occurred since the date of the filing of the Statement of Grounds and Material Facts (the "Statement") and other documentation dated December 17th, 2001 by the Applicant, the Commissioner of Competition (the "Commissioner"), respecting the Consent Order being requested from the Competition Tribunal (the "Tribunal").

2. Paragraph 8 of the Statement describes Enbridge Commercial Services Inc. ("ECS") as a direct wholly-owned subsidiary of Enbridge Inc. ("Enbridge"). The Statement indicates that ECS provides call centre and billing services to Enbridge Services Inc. ("ESI") and its affiliate, The Consumers' Gas Company Ltd. operating as Enbridge Consumers' Gas. On July 19, 2001 Enbridge and B.C. Gas Inc. announced the creation of a limited partnership called CustomerWorks LLP ("CustomerWorks") which would provide full service customer management solutions to utilities, municipalities and retail energy companies. As anticipated, ECS transferred its billing, call centre and other customer support operations to CustomerWorks and CustomerWorks began operations on January 1, 2002. Since that date, CustomerWorks, has provided ESI with the call centre and billing services formerly provided by ECS, as otherwise referred to in the Statement.

3. Paragraph 5 of the Statement states that ESI is an indirect, wholly-owned subsidiary of Enbridge. On January 28, 2002, Enbridge announced that it had agreed to sell its retail energy services business including the water heater rental business to Centrica Canada

Limited ("Centrica"), a subsidiary of Centrica plc, a U.K.-based energy services firm. The sale is subject to regulatory approvals and filings under the *Investment Canada Act* and the *Competition Act* (Canada) and is expected to close in the second quarter of 2002. The form of the transaction consists of the sale of all of the shares of ESI to Centrica. At the time of the sale, the assets of ESI will comprise substantially all of the current business assets of ESI, together with the customer finance program relating to ESI's business (which has to date been housed within ECS). The only assets, operations and obligations of ESI which will not be included in the sale will be certain minor retail operations located in British Columbia. In addition, the transaction includes the purchase of the shares of Enbridge Services (US) Inc. by Centrica US Holdings, Inc.

4. As indicated in paragraphs 16 (c) and (d) of the Draft Consent Order, as amended by the Tribunal (the "DCO"), a purchaser of ESI's water heater rental business or a joint venture partner with ESI is governed by the provisions of the DCO. Any contracts transferring ownership of ESI or any part thereof in relation to water heaters shall include a specific written acceptance of the terms of the DCO by such a purchaser or joint venture partner. Under the terms of the purchase agreement, Centrica has agreed to accept the terms and conditions of the DCO as amended by the Tribunal.

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B E T W E E N:**THE COMMISSIONER OF COMPETITION****Applicant****- and -****ENBRIDGE SERVICES INC.****Respondent**

**STATEMENT OF GROUNDS
AND MATERIAL FACTS
"ADDENDUM"
DATED FEBRUARY 14TH, 2002**

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To: Commissioner of Competition
c/o Department of Justice
Att: Josephine A. L. Palumbo

**Re: Acquisition of Enbridge Services Inc. ("ESI") by Centrica Canada Limited
("Centrica Canada")**

We are counsel to Centrica Canada in connection with its intended acquisition of ESI which is an indirect subsidiary of Enbridge Inc. ("Enbridge"). On January 27, 2002, Centrica Canada and certain of its affiliates entered into a Share Purchase Agreement (the "Agreement") with Enbridge Consumers Energy Inc. ("ECEI"), (the sole shareholder of ESI and an indirect subsidiary of Enbridge) and certain of its affiliates, which provides for the purchase by Centrica Canada of all of the shares of ESI. The Agreement also provides for the purchase of the shares of Enbridge Services (US) Inc. by Centrica US Holdings, Inc.

The above-noted transactions are expected to close by mid-May, 2002, subject to the satisfaction of certain pre-closing conditions, which include regulatory notifications and approvals.

We understand that an application for a Consent Order has been filed by the Commissioner of Competition with the Competition Tribunal with respect to ESI's rental water heater business on the terms set forth in the Draft Consent Order ("DCO") and that the application is scheduled to be heard (the "Hearing") on February 20, 2002.

This letter will confirm that Centrica Canada is aware of the terms of the DCO and the status of the above-noted application. Under the terms of the Agreement, Centrica Canada has agreed to accept the terms of the DCO presently before the Tribunal. In this latter regard, we confirm that section 5.2 (1) (m) of the Agreement contains the following provision as a condition of closing in favour of the Vendors:

"Centrica Canada shall have delivered to ECEI a written acceptance as contemplated by sub-paragraph 10 (b) (iii) (*now paragraph 16(d)*) of the Consent Order."



Please do not hesitate to contact us if you require any further clarification or information. You may provide a copy of this letter to the Competition Tribunal in connection with the documents to be filed at the Hearing.

Yours truly,

BENNETT JONES LLP

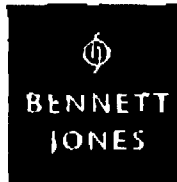


Bruce Barker

c.c. David M. Purdy (Enbridge Services Inc.)
William G. VanderBurgh (Aird & Berlis LLP)



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DATE February 14, 2002

This is the first page of 3

FROM Bruce Barker

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MESSAGE

Please see attached.

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