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PRESENTATION

Leigh Kelln - *Enbridge, Inc. - VP - IR & Enterprise Risk*

Good morning, everyone. My name is Leigh Kelln, Vice President of Investor Relations and Enterprise Risk for Enbridge. On behalf of our executive team, I'm pleased to welcome you to our 16th Annual Investor Conference. We have a full agenda planned for you today, and we'll get things started in just a few moments.

As with all our meetings with Enbridge, we'll start with the brief safety moment and cover evacuation procedures. I've been assured that there are no fire alarm testing planned for our event this year, so please respect all alarms as the real deal, should they sound. There are two emergency exits on this floor, which you can access via the back doors. The exits lead to the roof of the third floor. We all need to cross the roof to another door. That door will lead you down to a set of stairs, down to the street level. Once at street level, you'll be directed to our meeting point, which is at the corner of Shepherd and Richmond at a Starbucks. At that point, we'll get further information on the -- and an update on the situation. And of course, should you have any safety concerns throughout the course of our morning together, please feel free to approach any of the Enbridge representatives in the room.



We will have Q&A sessions this morning. As a reminder, our session is being webcast. So I ask that if you do have a question, please raise your hand and a microphone will be provided. And we ask that you clearly state your name and firm so those listening on the webcast are able to follow along.

And in lieu of a guest thanking you for your attendance today, we are again thanking -- we are again supporting the Enbridge Ride to Conquer Cancer. Enbridge is proud to be the title sponsor of this event. This year, the national campaign included nearly 8,500 cyclists and raised over \$33 million to support cancer research in Alberta, Ontario and Quebec. Enbridge has been a title sponsor since 2011 and is proud to have played a part in raising over \$146 million over this time, a tremendous achievement in just four years.

This year, the Enbridge team consisted of 328 riders and more than 200 volunteers nationwide. We have a number of riders, volunteers and campaign leaders with us today. And if rumors are true, we actually may have a few rookies in training for next year. Is that true, John? If you're interested in joining us for the 2015 Ride, we have sign-up forms at the reception table, and you can also find more information on this event at conquercancer.ca.

And one final housekeeping item before I turn it over to Al. Our comments today may refer to forward-looking statements or non-GAAP measures so I ask that you please take a moment to review our standard disclaimers.

So thank you again for your attendance. And with that, I'll turn it over to Al.

Al Monaco - Enbridge, Inc. - CEO

Good morning, everyone. Thank you, Leigh. Enbridge Day is an important event for us for a number of reasons. It provides investors with a window on our business financially, operationally, strategically. And the timing actually works out very well because we've just completed our five-year plan. So this is a way of rolling that out to the investment community. And it does allow us to showcase a broader range of our management team.

Now the agenda in your packages and online goes through the presentation order today. I'm going to start off by recapping our approach to the business and the overall value proposition that we offer, the progress we're making on our three priorities, which includes the two recently announced transactions related to our sponsored vehicles. And finally, I'll discuss our financial outlook through 2018 and then beyond.

Now this slide captures, and with the thumbnails here, the key themes of the day. The main theme is yet another record capital program, \$44 billion. That program drives exceptional and transparent earnings, cash flow and dividend growth and now extends through 2018. And there's increasing visibility, which I'll go through later, to continued growth beyond 2018. Most important, this capital program is entirely organic, which inherently adds most value for shareholders.

There's no question that our sector faces some challenges in terms of developing energy infrastructure, but we're meeting those challenges and executing well on our major projects. The recent completion of our Gulf Coast Access program and reversal of Line 9 are two very good examples. But there are many more, and Byron will cover those.

Third, we've made excellent progress in securing low-cost funding of our capital program. Our sponsored vehicles are positioned to deliver more value by further enhancing our cost of capital and releasing equity from the corporate level.

Lastly, the capital investment plan and business mix is increasingly dominated by Liquids Pipelines and it has been for the last little while. But the energy fundamentals in our view also supports a broader look in terms of natural gas and new platforms. We'll be increasing our intention on these businesses. So you'll see a lot of information over the day here, but those are the main themes that we're going to expand on.

Now this slide captures how we approach the business in one spot. The vision is to be the leading energy infrastructure company in North America. That's not just a slogan, we use this to make sure that we're pulling in one direction as a company. And specifically, and we measure these things, it means topnotch operation capability, strong environmental performance, exceptional customer service, which has been a hallmark of our company in the past, and of course, creating shareholder value.



The purpose is clear. We exist to deliver energy safely to enable economic growth. That sounds pretty basic and any company in our sector could say the same thing. But today, as we heard last night, communicating that purpose is central to addressing the challenges we face from those who oppose energy development. That's because it's very easy for all of us to forget what fuels day-to-day life and how energy arrives at the doorstep, whether it's industry, our homes, and our transportation system.

We're focused on three priorities that you see here. I'm going to come back to those in a few minutes. And finally, the foundation of the company are the things that won't change - so our values, maintaining public trust, and of course, developing our people.

Now this chart here, I'll spend a moment on because I think it's the crux of the presentation today. It essentially summarizes the shareholder value proposition, and we put it in equation form here because we know that you can relate to that.

The goal, of course, obviously is to deliver superior shareholder returns, and that's through capital appreciation and dividends. Now that formula is essentially in our leadership team's DNA. And we are very much compensated tightly and linked tightly with that objective.

The first part of the equation is industry-leading growth. And yes, management is here to make that happen, but it does stem from a strategic positioning of our assets, the scale that we have and our ability to capitalize on the great fundamentals we see out there today.

Equally important is our reliable business model, and that means commercial structures that minimize throughput and CapEx risk, closely managing financial risks, and that includes having a strong balance sheet. We're selective about the opportunities we go after and our disciplined investment review process ensures that we allocate capital to the best projects.

We think about organic growth first, where our assets and skills provide us with a good opportunity, better opportunity, to add value for customers and capture attractive returns, whereas acquisitions usually comes down to competition of who'll accept the lowest return or the highest risk. Having said that, we'll capture those opportunities as you saw on the case of Seaway when we can make some work within the strategy.

Now the interplay between these first two parts of the equation is critical. We're focused not only on maximizing return, but ensuring that we're minimizing our overall risk, and that includes lower funding cost.

Now an effective cost of capital also stems, as you know, from a strong valuation. And in part, that's achieved through predictable and dividend stream -- growing stream of dividends. And on that count, we've delivered well, we believe, 12% annual CAGR over the last 10 years, and that's 70% higher than our peers.

Now another part of that, obviously, is the dividend payout policy, which is based on balancing a number of factors in our view, the size of the capital program, certainly maintaining strong investment-grade ratings, progress on our capital funding. Executing on the projects and generating cash flow and how that comes into play over the next few years. And of course, we can't ignore investor preferences.

Given that the dividend payout is front and center in today's market, I'm going to come back to that and our dividend growth expectations a little bit later on.

So in essence, we believe the combination of these three things sets us apart in our sector. As you can see here on the bottom right, we've been successful in delivering superior total shareholder return.

So with that backdrop, let me just turn to our industry outlook and how we are positioned as a company strategically. Now each of our business unit leaders will review their fundamentals, but let me spend just a minute on the bigger global picture here. There is no doubt that the world's energy needs are going to continue to grow, depending on which analysis you look at, upwards of 50% over the next two decades, and that's driven by economic and population growth on the 2 billion people being added to the globe, increasing urbanization, and of course, the desire to improve standard of living in non-OECD countries. And I think these factors are concentrating energy demand growth in those non-OECD areas, especially the Asia Pacific region.



Also clear is that there's going to be a shift here in energy supply mix, more towards natural gas. Renewable energy is actually the fastest growing, but as you can see here, still a small contributor. The overarching point of that is we're going to need all sources of energy supply to meet global demand. And the vast majority of demand will continue to be driven by fossil fuels, at least for the foreseeable future.

North American energy fundamentals have never been better. You can see here oil production is forecast to grow by 7 million barrels per day and 20 Bcf of gas per day over the next 10 years. The pace of that growth and the resulting price dislocations that we've seen in our market are going to continue to drive the need for new infrastructure.

Differentials and even our -- are even more pronounced relative to global markets. So it's imperative that North America achieve global connectivity for its resources.

The North American pipeline grid is really in the process of transformation, really through three steps, regional growth and connectivity to main conduits, moving supply inland to coastal markets and then eventually extending that access to global markets. These fundamentals are going to translate into over \$1 trillion of infrastructure investment through 2035. So the landscape of the sector looks very strong, but not everything lines up perfectly as we know. There are challenges. The inherent and rising cost of unconventional oil and gas reserves means that North America is at the higher end of the cost curve. And I think Greg Harper has this in one of his slides.

We've also had difficulty, we'd have to admit, in building pipeline capacity on a timely basis. And perhaps, the biggest challenge overall, and overarching this, is the opposition to energy development generally.

Now this is how our businesses are positioned to capitalize on these fundamentals. I'll go through each one here. Where we're strong and where we'll enhance our position over time. First, we have, I think everyone would agree, unparalleled strength in Liquids Pipelines. The scale and flexibility of not just the regional but the mainline systems allows us to extend our reach, both upstream and downstream. Our space, there's no doubt, is getting more competitive, but we see continued growth here and further enhancing our already strong returns.

I put the Gas Distribution franchise in the same category, excellent growth relative to other utilities, but certainly it doesn't keep pace with the liquids business. That's very hard to match up to. Enbridge's Gas Distribution provides strong risk-adjusted returns and is also driven by positive gas fundamentals.

From no position in 2000, we've established, I think, a good gas pipeline business. And it's made strides recently with the entry into Canadian midstream. And our offshore Gulf of Mexico unit, we believe, is on the cusp of a resurgence. But we need to strengthen the strategic position and establish a stronger platform for growth here.

Our power generation and energy services business has grown at a pretty good pace. We're planning more of the same to get the greater scale and to reestablish ourselves as well internationally. We'll be focused on countries with strong resource potential and the ones that meet our investment criteria. Vern is going to go through the funnel that we use to determine which countries those are.

Now in terms of business mix, the lion's share of the growth is going to be generated by liquids, as I said, through 2018 to roughly 75% of earnings. And that compares, if you go back a number of years here to 40% when the gas business was larger.

Liquids will remain the focus over the next few years for sure, but we also believe the fundamentals support a broader base longer-term. To sustain an industry leadership position, going back to what I referred to earlier around what the vision is for the company, we'll strive to become a bigger player in natural gas infrastructure, power and international, not immediately, but certainly directionally over time.

Now the bar on the far right is illustrative and depicts greater contribution from these areas over that longer-term. We're not wedded to specific targets here. And we're not balancing for balancing sake. We'll maintain our discipline and invest in the projects that provide strong risk-adjusted returns at the end of the day.



So with that backdrop, let me now focus on the three priorities we have as a business. Number one priority is the safety and operational reliability of our systems. We cannot emphasize that enough. I think we've made very good progress on our operational risk management programs. And our goal in a nutshell is to be an industry leader.

Now as part of that four years ago, we began undertaking an even more extensive maintenance inspection and replacement program. You see the upward tilt there on the bottom left. With that ramp up and the progress we've made, we should see spending taper off to more normal levels.

Now let me address a question, which is likely on your mind, which is why is it so important that Enbridge is in a leadership position here, and that we'd be ahead of the curve? I think in the past, our industry and stakeholders have accepted that incidents would naturally occur. We would think that because of human and mechanical failures.

Today, we all have less tolerance for safety, environmental or operational incidents. Whether you're a customer, a community, a regulator or the general public. Without the trust of the general public, in particular, we won't be able to fully deliver on our value proposition. And that's how we really come back to this focus on safety and operational reliability. And based on how we see the regulatory landscape developing, this is where we believe the industry is going.

Now the second priority is good execution of the capital program because that's going to translate directly into industry-leading growth for a number of years to come. Our project management capability stems from a number of factors, but the proof is really in the numbers on these pies here.

Since 2008, we put about \$20 billion worth of projects into the ground, which have come in pretty much on-budget and schedule, a little bit under actually. We currently have \$27 billion under management, that's tracking pretty close to budget and schedule. Executing these projects today, make no mistake, is a bigger challenge, mainly permitting delays that stem from opposition to energy and the need for regulators to really demonstrate a robust review of all projects.

This is not going to get easier. So a strong project management capability is absolutely essential today. So Byron is going to take you through, given the interest in this area, the how of major project execution.

Now the other part of execution that we focus on is financing of the capital program. As you can see here on the bottom right, our approach and we think it's a prudent one, is to stay ahead of the funding curve during our capital build-out phase. John Whelen will take you through how we are positioned going forward.

The third priority we have is to extend and diversify growth. This table captures the key drivers and the relative contribution of each of these and along with the intensity with a plus sign you see there.

Our new platforms that's Power Gen, electrical transmission, international energy services contribute only about 10% of earnings today. But we believe developing these new platforms is critical, it provides optionality to establish new sources of earnings going forward outside of the core business. Those areas that you see there all have a strong supply-demand fundamentals and we can invest, we believe, with commercial models that resemble our existing business and fit the value proposition.

Likewise, we'll continue to develop our natural gas businesses, as I mentioned earlier for the long-term. We believe in natural gas given the abundance and low-cost, obviously, but also because of its responsiveness to demand. Not just in terms of use for power generation, but through the drill bit in responding to increases in demand, and especially, given the supply that we have in North America.

And of course, lower relative emissions. So for both new platforms and natural gas, the development pace will accelerate as we approach completion of our Liquids Pipelines build out and with increasing cash flow from existing businesses, we'll be able to support a higher level investment in these areas going forward.



So now let me address two highlighted items here specifically the tilted return projects and the sponsored vehicles. Now a key post-2018 growth driver, I mentioned earlier, is embedded in our secured projects. We call that the upward sloping or tilted return projects. The table here shows the breakdown of recently secured tilted and the flat return projects that are expected to be in service by the end of 2017. We now stand at \$20 billion in tilted return investments and above \$13 billion with flat return profiles. And the graph there at the bottom right is intended to illustrate the difference between the two. I think some of you've seen this before.

Although both tilted and flat return projects could carry the same full-life interim rate of return on equity, the tilted return projects started out lower, although still accretive if you can look at the map closely there on the left, but they ramp up over time. So this provides a natural source of earnings growth beyond 2018 and as the return on these projects hits their full stride.

That growth, by the way, which is it's the nicest thing about this is, it doesn't require incremental investment. And I want to emphasize just one thing before I leave this slide, which we may not have communicated as well as we could have in the past, that some of these projects come with upward sloping return -- tilted returns, doesn't mean that a near-term and medium-term EPS growth will suffer. In fact, our five-year average annual of 10%- to 12% EPS growth projects already account for this tilted return affect.

What it does mean though as we have a pretty high degree of confidence that we can generate strong earnings cash flow and return growth beyond 2018 and with a lot less capital intensity than in the past.

Now this slide shows our sponsored vehicle lineup. So Enbridge Income Fund, Noverco, Enbridge Energy Partners or EEP, and Midcoast Energy or MEP, as we call it. We've had a fair bit of activity on this front since the last Enbridge day and even since our last quarterly call. So I'll outline the strategy and then John Whelen will fill in with some details later on.

Now sponsored vehicles play a very important role for us in terms of creating value. They provide a low-cost funding for assets within the Enbridge group for the organic growth that comes with those assets and for acquisition, potentially of third-party assets. They release capital as well at the Enbridge Inc. level for redeployment to new projects, and of course, they'll also support dividend growth, and they improve returns through a valuation uplift on dropdown to the sponsored vehicles and from the general partner incentive distribution. So when you look at a project return when it's gone through the drop-down phase, you actually see, in some cases, a doubling of the overall return on a project with these vehicles.

Now these benefits can be applied and this circle of value that's created by the dropdowns can be applied to a very large inventory now, which exceeds \$24 billion. Over the past couple of years, this cycle has worked very effectively in the case of Enbridge Income Fund, but not as much with Enbridge Energy Partners during the organic build-out phase. Recently though, I think we've made some good headway on this on Enbridge Energy Partners.

But let me just begin here on Enbridge Income Fund. ENF is well positioned to, as you can see here, deliver great value for its public shareholders and to be also an advantageous a cost of funding for Enbridge, ones that we intend to fully use. The funds evaluation has grown by 75% since the beginning of 2011. Last week, we announced the dropdown at the US portion of Alliance gas pipeline and an investment in Southern Lights. This \$1.8 billion transaction is larger than the previous two deals in 2011 and '12. And that should evidence our goal to fully capitalize on ENF and it's a great illustration, I think, of how this virtuous circle of value creation can be used. The dropdown generates an economic gain on our original investment, as I referred to earlier, and we'll enjoy higher incentive earnings from the fund.

Now the deal also releases about \$300 million of equity funding to Enbridge on accretive terms. For the fund, it enables a significant increase in distributions of 12% and the assets that we're dropping down further contributes to the fund's quality of assets, strategic positioning and its scale. So in a nutshell, this is really a win-win transaction, we believe. More broadly, I think this deal reinforces the fund's solid foundation for further dropdowns and keeps this element of the strategy fully on track.

Now the newest member of the lineup is mid-coast energy, it's positioned to support both the funding of EEP's G&P business. And indirectly of EEP's Liquids Pipelines projects. MEP's unit price is up nicely since the IPO last year. And the first dropdown in June is consistent with the sequential drop-down game plan that we've promised.



MEP is prime for further growth, with available credit facilities, no initial GP incentive and an advantageous cost of funding.

Now in terms of the drop-down strategy, we have a check mark here, we think that's on track. But more broadly though, Greg and his team are also keenly focused on strengthening the base business here and MEP's slate of development opportunities.

And lastly, we've made, I think good progress in reestablishing EEP as an effective source of funding for Enbridge, with solid performance since January last year. Now if you recall, our first priority was to eliminate EEP's equity overhang which stems from its very large organic capital program. We've largely accomplished that through our preferred share investment, joint funding arrangements and the IPO for Midcoast Energy Partners and the subsequent dropdown that I just referred to.

So together with the recent restructuring of the IDRs, we've reduced EEP's effective cost of funding sufficiently enough so that we can propose this initial dropdown. That led to the 2/3 interest of Alberta Clipper being proposed for that dropdown. That is a very strong cash generating asset and the value of that transaction will be somewhere in the order of \$900 million.

Now as we don't want to undo the progress that we've made on the equity overhang I referred to, we've structured this initial drop to require no incremental EEP public equity. So there's more work to do here, but last year's actions, and now this initial drop, moves us, we believe, in a very positive direction. So with this recent progress, we'll be able to make greater use of the EEP option going forward.

So let me close out here by reviewing the overall outlook and how all of this comes together. Now the main driver of our five-year plan is our capital investment program. As you can see here, we've made very good progress in the last two years in really securing the future of this company.

Even though we've extended the plan by two years to 2018, we've been able to increase the backlog to \$44 billion. Perhaps the most important part is that three quarters, or \$33 billion worth, is entirely organic and is commercially secured and is in execution. That's a \$15 billion increase in the organic component of secured in two years. The unsecured amount of \$11 billion represents the projects they're working on. This is a probability weighted group of projects. And by the way, our funding plan that you'll see, accounts for spending on that potential as well.

The unprecedented portfolio and investment supports, we believe, an exceptional 10% to 12% average annual EPS growth through 2018. The vast majority, as we said, in fact, probably just over 10%, is driven by the secured component of the program.

Now there's going to be fluctuations around EPS simply because a project in service timing, so that's the reason for the squiggly line there that you see.

Beyond 2018, as you saw, we'll benefit from the tilted return profile on that \$20 billion of capital plus contributions from new platforms and an increased focus on natural gas. And further optimizing the use of our sponsored vehicles allows us to release capital from the business and generate increased incentive distributions.

And to this point, we've typically looked at this as an upside in the latter portion of the plan and beyond 2018, but with the improved positioning of the sponsored vehicles that I just went through, it does provide an opportunity to accelerate the impact of those vehicles in terms of our EPS outlook.

Now this is a perspective that we haven't shown in the past, but it's extremely important. As you can see here, we're expecting a significant increase and ramp up in free cash flow per share over the next five years to 25% CAGR. And just to be clear, we consider free cash flow to be funds from operations, less maintenance and integrity capital we need to invest in the business. And free cash flow also accounts for the fact that we receive distributions from the sponsored vehicles, so we've made that adjustment in there. I think when John gets up later, he'll take you through the rest of those adjustments.

Now the strong profile that you see here is generated from the combination of two things, Earnings growth from the projects that we're putting into the ground and the tapering off of the maintenance integrity capital that I referred to when we talk about safety and reliability.

So with that, let's circle back to one part of the value proposition I mentioned earlier, dividend growth. And more importantly, how we look at the payout. Now there's been a lot of discussion in the market on that subject and more generally maximizing valuation in the current environment. At the outset of this, just let me say that we are constantly assessing opportunities to reduce our funding. We've been innovative, we think, in the past in this area. So let me just outline our current thinking and expand on this balancing of factors that I referred to earlier on.

Now the first factor is the magnitude of our capital program, \$44 billion, which we believe is very unique in our sector. Now these projects are organic. And really, they are the foundation of value creation at our company. They have been and will continue to be over the next five years.

Unlike acquisitions, which come with EBITDA multiples of 11, 12, 13 times that you need to pay, we are investing organically at six to eight times and sometimes less. Ensuring that we can fund that program is absolutely critical because it's what's going to drive the bulk of value creation. These projects are vital to our customers as well and provide us with attractive returns and growing cash flows.

But an organic program essentially means fixed obligations, which we can't readily slow down if we're stretched in our funding or for some reason, we can't access the capital markets. The reality is you simply can't pause an organic program like you can acquisitions, you need to execute. So the priority for us is to ensure we have sufficient equity funding and bank liquidity to make sure we have our credit ratings in check and we have access to markets.

So to conclude on this one, our unusually high growth capital program, which is organic, favors a more conservative payout than some of our peers. And it has been the most dominant consideration, and that's why you see three downward arrows here in the red.

Now as you just saw, we are focused on substantially increasing our cash flow. That contributes to reducing our external funding requirements. And provides flexibility for higher dividends without jeopardizing the overall funding or credit strength. This will become quite a powerful driver as projects begin to go into service. And you saw that with the upward tilted arrow on cash flow per share.

So this one drives an upward bias in the payout. And that's why we have an upward arrow there. Now an important factor is where we stand on our equity funding plan. Over the last two years, you've seen us prefund some of our equity requirements. With that and other actions taken to-date, we're down to less than \$2 billion, in fact \$1.9 billion, as John will show later, in equity funding remaining over a five-year plan.

Now if you net out the DRIP program, that means we've already taken care of nearly half of our requirements in our five-year plan in less than a year. So two arrows up for that one.

And last is the robustness of our equity funding options going forward. There's still a great appetite for Enbridge preferred shares in the market, you saw that just a couple of weeks ago. And as you saw, more recently with our two recently announced transactions, our sponsored vehicle strategy is progressing very well. So not only are equity funding requirements down, but we've increased capacity to generate equity without having to resort to public offering. So I would say two arrows up or two thumbs up on that one.

So these are the factors that we continually assess in determining the right payout for our specific circumstances, the bottom line from all of this is that there been some significant changes in the considerations bearing on payout over the last year. The biggest factor has been, I think, the very good progress in de-risking the overall funding plan. So the dividend payout is something that we evaluate regularly and any change in that approach would be reflected in our annual dividend review, which usually takes place at the end of year in advance of the following year's budget. At this point, we haven't completed our thinking on that.

So that's our view on the dividend payout considerations generally. Now let's just take a look at the dividend growth. Based on the five-year plan, we expect dividend growth to track forecast earnings per share of 10% to 12% through 2018. So continuation of the exceptional dividend growth.

Given the confidence we have in the outlook though, we'd expect dividend growth to be more linear than the lumpy earnings growth profile we saw earlier with that's squiggly line. After 2018, we could see significant surplus free cash flow enabling us to further elevate dividend growth.



But as I have noted in the past, that was going to depend on the size and the quality of our capital investment opportunities at that time. Now within the five-year plan, through 2018, there may be an opportunity to accelerate dividend growth. And that'll depend on the evaluation of those considerations that I just went through.

So with that, I want to close off with and I think this will be a good prelude to the following presentations, just a summary of the leadership team here. For us, maintaining a strong management team is critical to executing the plan and the value proposition that I just went through. It starts early by identifying people with the talent and the drive to succeed and then establishing individual development plans for each of them.

Probably one of the most important things is providing our people with a mix of assignments, moving people outside of their comfort zone where they can broaden their scope and demonstrate the capability, both at business unit level and at corporate level. And I think you've seen us move people around in the past.

And the reason this is important, I think, is having individuals at the table that have done each other's role and have that variability in skill sets really helps ensure that we have the right judgments being applied to the decisions we need to make in this business.

And finally, whenever there is openings that come available, we are benchmarking our people against people from the outside. We think this succession process results in well-rounded people, seasoned and proven leaders and ensures we have a very deep bench.

Now here's how this all plays out in practical terms. Earlier this year, Guy Jarvis stepped into Steve Wuori's role as President of Liquids Pipelines. Guy essentially tic-tac-toed his way through various senior financial, commercial, operational and development roles at Enbridge. Steve Wuori, of course, remains part of the team, where we can benefit from his extensive industry knowledge.

Greg Harper is new to the team. And he leads our Gas Pipelines and Processing business. Some of you may know Greg from his previous roles in the industry. And I think his experience is going to help us move our gas strategy along.

And finally, Richard Bird, EVP, CFO and Corporate Development plans to retire by the end of this year. We're separating Richard's rollback into two positions, CFO and then Corporate Development, and that only makes sense and prudent in our view, just given the size and complexity of the organization. And I think Richard would tell you the same thing.

Although Richard's plans were just recently finalized, it's been something that he and I have been preparing for, for quite some time. In preparation for his retirement, John Whelen was appointed Senior Vice President, Finance. And Vern Yu was appointed SVP of Corporate Development. Both John and Vern are very well known to investment community, with 20-year plus careers at Enbridge. And they bring tremendous experience and ability to their roles and most importantly, they really understand the value proposition that we just went through.

The underlying theme to all of this is ensuring we have continuity in management, not just from a cultural point of view, but to make sure, as I said, that we continue to execute on the value formula that has worked well for us in the past. In that vein, Richard will be staying on as an Enbridge Nominee Director on sponsored vehicle investment boards, which is EEP, Enbridge Income Fund and Noverco.

I'll come back to Richard at the end of today's session. But that concludes the overview that I had. And we'll now take questions before we move on to the rest of the agenda.

QUESTIONS AND ANSWERS

Al Monaco - *Enbridge, Inc. - CEO*

Question? Question, Carl? Okay. Okay. Just one second.



Carl Kirst - BMO Capital Markets U.S. - Analyst

So, Carl Kirst from BMO. AI, you've talked about the sponsored vehicles, we're looking at \$24 billion of potential. And I guess, I wanted to make sure I'm understanding, is that the intent or is funding still the gating factor?

AI Monaco - Enbridge, Inc. - CEO

I'm sorry.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Or is funding still the gating factor? You're looking at \$24 billion, I'm not sure if that includes the backlog or it that's just legacy, so trying to kind of look out future years. I think you also mentioned something about, perhaps, I think accelerating the ramp in earnings. So trying to just circle that.

AI Monaco - Enbridge, Inc. - CEO

Right. So on the last part of your question, which is, is it legacy, these are projects that are either, obviously, assets today or are in execution today. So these are the list. I think we have it in the book later on within both Canada, and in the US that are available for dropdown. I think if you break it down, it's roughly \$10 billion, that would be, let's just call it, nicely available for Enbridge Energy Partners and then the rest would be available for the Income Fund, at least that's how we split it out geographically.

To your broader question, at this point, the way we look at our sponsored vehicles is a source of funding for Enbridge. And that's a factor as we talked about earlier in our funding plans. So depending on which vehicle is the most optimal at that point in time, we'll use that vehicle to release capital from Enbridge Inc.

My reference to potential further use down the road, certainly, that's possible. And as we've said, if you look at what we've done the Income Fund, it certainly is right for further dropdowns. And now with EEP being in a better position from a valuation perspective, that will also be a very good opportunity.

So my point was, whereas before we thought well just given where we are with these vehicles, it's probably going to be further out that we see the benefit through earnings and including the general partner incentive. But we're thinking that, that could be advanced just given the progress we've made on EEP and the obvious effectiveness of Enbridge Income Fund today.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Great. One quick follow-up and this really kind of with the latest drop to ENF, we saw of Southern Lights, right? So the US portion of Southern Lights. The \$10 billion that goes to, you said EEP and maybe or to even perhaps the rest to ENF, is that basically still geographically, I don't want to call it a redline since we had some US assets, but is that the way we should still think of it? Or is it the right perhaps asset package at the right size going to the right party there at time?

AI Monaco - Enbridge, Inc. - CEO

It's definitely the latter, Carl. So in some cases -- it probably would make more sense in the case of Alliance, where we already have Alliance Canada in the Income Fund. So from a governance point of view, probably it made more sense to keep it there. But really it's the valuation, the relative valuation, at the time, that would really dictate it.



There are some structural things, obviously, with the Income Fund, it's a corporation. So it can acquire US assets. In the case of Enbridge Energy Partners, you can't put renewable assets into the MLP because they're not qualifying income, at least not yet. So there's a couple of those things. We will consider geography. But at the bigger picture level, it's mainly valuation and where it fits in the timing and the order.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Thank you.

Al Monaco - Enbridge, Inc. - CEO

Yes, Robert?

Robert Kwan - RBC Capital Markets - Analyst

Robert Kwan, RBC. Al, just coming to payout ratio, you had the slide up that talks about really the -- seems like the factor that's driving not doing anything today is around conservatism on the funding plan. So wondering, can you talk about how you think about that with respect to you've had some success or a lot of success here with the prefunding, whether you see value in increasing the payout ratio now to get even further ahead with the funding plan and kind of going from that perspective rather than waiting to get through most of the capital program before looking at the payout ratio.

Al Monaco - Enbridge, Inc. - CEO

Right. I guess all of this really gets down to trying to maximize the valuation and lower our funding costs. And I think we've had a premium valuation in the past, as you know, Robert, and that has stemmed from a combination of very good growth in the dividend and some strong yield. But obviously, with the continuation of low interest rates and demand for yield, there's been this desire to have a higher payout.

And this isn't lost on us. I mean this is partly the reason why we're going through this discussion today. But maybe, maybe I could just try and summarize it this way. If you look at the size of the organic program and the quality of that program, that is really going to generate a substantial amount of value for shareholders.

So we really do need, you called it conservative, but we really do need to ensure the amount of funding. We can capture more value by lowering our funding costs and maybe payout is one way to do that. But certainly, that's going to require more capital raise.

So what we don't want to do is put the huge prize that we have at risk, and that's where the balance comes in. Another way that I think of that is we've got -- we're in the process of making a huge meal here and this meal is going to be very tasty for shareholders over the long haul here. And so -- and by the way, that meal is being cooked with Organic Ingredients.

But on the side, we're working on dessert, which is essentially trying to lower that cost of funding. So what we don't want to do is move resources from the main meal, which we have to chew through, and will create value and compromise that by focusing on dessert.

So I guess what I'm saying is, now that we're making some progress, more progress on the funding plan, it does give us more of an opportunity to start thinking about dividend payout. And as I said in my remarks, that possibility for acceleration is there by balancing out those four factors.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Great. Thanks, Al.



Al Monaco - *Enbridge, Inc. - CEO*

OK. I promise, that is my last metaphor analogy for the day.

Yes, Matt.

Matthew Akman - *Scotiabank Global Banking and Markets - Analyst*

Matthew Akman, Scotiabank. I guess [fixed in], I do want to know how you're going to be cooking with gas, and my question's on how you're going to break in a more meaningful way to the gas infrastructure business? Something that you and Enbridge have talked about for a number of years. And yet we keep seeing the Oil Infrastructure business growing relative to gas. Gas Infrastructure business isn't easy to break into these days because most of the growth is extensions or reversals of existing assets as opposed to big greenfield projects. So I'm just wondering if you see Enbridge trying to break into this more by Greenfield. Somehow Enbridge has developed Greenfield gas projects in the past and was developing LNG for example, a number of years ago or by acquisition. And I guess further to that is, would you see a domestic or more international?

Al Monaco - *Enbridge, Inc. - CEO*

Okay. Well, first of all, I think it's an excellent observation. And frankly, over the last couple of years, where we've secured I think it's in the order of \$12 billion of Line 3 as well as Fort Hills and Norlite, those once again were liquids projects. And we did face that question, or at least we asked ourselves, that's just going to increase the waiting further, and what about this bar that we're showing that shows more gas coming forward.

But at the end of the day, we concluded that it's all about generating value first and foremost, and if you can deploy \$12 billion in capital with commercial terms that are so strong that are going to generate excellent value for shareholders, that's what you're going to do. We seem to be doing that year in and year out, which makes the climb to move to natural gas a little bit harder.

Now as to whether or not we move Greenfield or acquisitions, I think, obviously, our predisposition is to do Greenfield and organic growth. I think Greg is going to show a couple of opportunities on that front. That takes a while. And it's hard to do because of what you point out being a competitive environment.

We'll certainly look at opportunities to ramp that up in terms of the speed but also the platform. I mean, there may be opportunities to acquire assets. We've traditionally looked at that and said, when we layer over a big new platform, whether it's a huge asset, acquisition or an M&A opportunity, it's usually dilutive to our overall growth. So what we don't want to do is really compromise the valuation by doing a dilutive growth transaction. But obviously when you're looking at trying to grow a business materially, you always think about the acquisition market.

As to whether or not it would be North American or international, I think probably it's an equal division, Matthew. There's some good opportunities out there, right now, on the gas side. I think our expertise, really, and where we would add the most value is probably on the oil side internationally, so that's probably where we would focus there.

Matthew Akman - *Scotiabank Global Banking and Markets - Analyst*

Thank you.

Al Monaco - *Enbridge, Inc. - CEO*

Okay. Yes.



Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. AI just in the context of it's taking much longer and it's much more difficult to build infrastructure assets today. So with that context, how do you think about the required returns on certain projects when you think about the Enbridge brand and reputation that you're trying to build? And are some projects just not worth it because the angst and the agony you're going through over multiple years, it just tarnishes the brand and maybe devalues you to an extent where it becomes more difficult to build things in the future?

AI Monaco - *Enbridge, Inc. - CEO*

Well, I have to admit, that's crossed my mind. But at the end of the day, part of how we add value is through the major projects capability. And this is something that we shouldn't minimize because it really is a set of processes and an approach to these projects that we think gives us a bit of a competitive advantage out there.

So no, we wouldn't look at it and say, boy, it's tough out there. I think what you do is you work through those processes. And at the same time, you try and build the brand as we talked about last night, so you can work through these difficult environments.

So in a nutshell, I think, Andrew, it's our job to manage through it. And where you can add value and also build a commercial structure that would allow you to manage some of those risks, capital cost risks and schedule, I think that's the way you crack the nut.

Andrew Kuske - *Credit Suisse - Analyst*

Just as a follow-up on the more difficult projects. Arguably, you're going to command much higher returns business. Probably less competition on those projects because there's a few -- very few players in the industry that do want to bang their heads against the wall at times.

AI Monaco - *Enbridge, Inc. - CEO*

I think that's generally true. Although remember, in the business, regardless of that challenge, there still is quite a bit of competition. Net-net, I kind of look at the returns in the business today as pretty much the same as they've been. And actually that's not a bad thing, as you know, interest rates have come down considerably, So if we can hold our returns where they were and manage the challenges which we hope we can do through major projects capability then I think net-net, we're ahead of the game.

Steve?

Steven Paget - *FirstEnergy Capital - Analyst*

Steven Paget, FirstEnergy. AI, when adjusting for the superior growth of your dividend, are you satisfied with the cost of your equity capital versus your peers?

AI Monaco - *Enbridge, Inc. - CEO*

Well, I think that goes back to our previous conversations, Steve. We look at some of the valuations out there. Traditionally, we've been at the very top. And as I said earlier, that was driven by yield, good yield and then primarily growth. That's changed now where some payouts, higher payouts are generating some better valuations.

And as I said, we're not lost. It's not lost on us by any stretch. So no, we're not satisfied where our cost of capital is today. I think if you look at the size of the program and the embedded growth that we have, I think the combination of the growth and the assets we have in the business should command better valuation today. So we'll have to see where that goes. Hopefully, at the end of the day, it will get recognized.

Steven Paget - *FirstEnergy Capital - Analyst*

So maybe you're looking forward to Enbridge Day 2018 or something like that. Right now you have more opportunities than money. But other times in the industry, given your experience where free cash flow exceeds the opportunities, and how might you manage cash and capital at that point?

Al Monaco - *Enbridge, Inc. - CEO*

Absolutely, I do. In fact -- and that was my reference to what happens in 2018 and beyond. And we are going to evaluate those opportunities then and determine whether or not they fit the value proposition. And if they don't, and there's not a good opportunity to redeploy, we'll be paying back the capital. So that's the way we look at it. We can't compromise the investment discipline or the value proposition that we have.

Steven Paget - *FirstEnergy Capital - Analyst*

Thank you.

Al Monaco - *Enbridge, Inc. - CEO*

You're welcome. Yes, Win?

Winfried Fruehauf - *W. Fruehauf Consulting Ltd. - Analyst*

Winfried Fruehauf, W. Fruehauf Consulting Limited. Al just said Slide 17, the \$44 billion includes all or a portion of Northern Gateway, if not, why not?

Al Monaco - *Enbridge, Inc. - CEO*

The answer is it does. But remember that particular profile, we address through ownership, so we assume we own 1/2 of the project. And that's the amount that is included in the plan. It actually is not a large amount over the next couple of years. Some of that funding is actually further out in the plan closer to '17, '18. So it's in there but it's relatively small amount because it's ownership weighted.

Yes, Linda?

Linda Ezergailis - *TD Securities - Analyst*

Linda Ezergailis, TD Securities. If you're putting out payout ratio on the table in terms of optimization of cost of capital, are you still putting perhaps capital structure on the table in terms of what might be optimal and realizing that you manage through a full economic cycle but we've seen some of your peers being able to term out debt beyond what they might have been able to historically even at a lower investment-grade rating. So how do you think of optimizing capital structure?

Al Monaco - *Enbridge, Inc. - CEO*

I guess the short answer is no, it's not on the table. Part of -- we manage this, obviously, very carefully. Part of that, the ability to fund in all market conditions is to make sure we have a solid financial position and a lot of that comes down to capital structure and ratings. So we try to manage

that very carefully. We'd like to maintain our strong investment-grade rating. And when you look at it, back in 2008, 2009, we never missed a beat because we had a strong capital structure and the ratings that go with it.

David Noseworthy - *CIBC World Markets, Inc. - Analyst*

David Noseworthy, CIBC. AI, Enbridge has never been much of a stranger to financial engineering to maximize valuation. You were talking about potential drop-down of assets in the different classes and one being US renewable power. Would that be something that would be [considered for ENF or], would you look at something like a yield co for those particular assets.

Al Monaco - *Enbridge, Inc. - CEO*

For the US --

David Noseworthy - *CIBC World Markets, Inc. - Analyst*

Power. Renewable power assets.

Al Monaco - *Enbridge, Inc. - CEO*

That's possible. Although in the past, we've thought of potentially some other vehicles we might structure in the US, specifically for that market and for those assets. But it's possible the US renewables could go into the Income Fund that we haven't been thinking about recently, but it's certainly a possibility.

Okay, if there are no more questions for me, then I'm going to turn this over. We're probably a little bit behind, sorry about that, Guy. So Guy Jarvis is going to go through the Liquids Pipelines business. Guy?

presentation

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Thanks, Al. Good morning, everybody. It's great to be here again in Toronto to talk about our business, and we now have the next 50 minutes to review Liquids Pipelines and what we've got going on and take your questions.

Our Liquids Pipelines business has been the central feature of Enbridge's business for over 60 years now. And as Al mentioned, that has never been more true than today, where the rapid expansion of our business and the strong five-year earnings growth profile drives a lot of Enbridge's overall growth. We're really excited about the next five years and beyond for our business unit. We have a fantastic asset base to work with. We're focused on executing our secured growth plan, and we're also focused on enhancing our returns. We're continually looking at our competitive positioning and making sure that our business is going to grow in the future.

I'll get to each of these items in my presentation, but to set the stage, there are four key messages that underpin Liquids Pipelines strategy. The fundamentals, in particular strong supply outlooks in the oil sands in the Bakken continue to drive our current growth and potential future opportunities. Including 2014 and looking at the next three years, we're sharply focused on integrating approximately \$30 billion of new projects into our portfolio. And we're focused on optimizing those assets to ensure they deliver the services expected by our customers, the financial performance expected by our investors and the safety expected by the public.

As a key component of this portfolio, we're making excellent progress on our market access strategy, and we see a continuing range of cost effective expansion opportunities that we can act upon if volumes available to the mainline strengthen even further.



Before I get into the update on our business, let me talk a bit about safety and operational reliability. I've heard AI say a number of times, if we can't manage the safety and operational reliability of our systems, then everything else we're trying to do doesn't really matter. I think that sentiment is really the driving force behind the fact that safety in our business unit is not just a priority; it's one of the key elements of the foundation that's going to drive our success today and into the future.

The slide we have is just one indicator of the very active program we've got going in terms of operational management of our system. In addition to those efforts, in the last few years, we have replaced Line 6B. We're in the process of replacing Line 3. We have just completed a very in-depth inspection of Line 9 in conjunction with its pending reversal. And we're working with our customer to finalize the plan that ultimately replaces Line 10.

We're committed to be the industry leader in pipeline safety, and we're actively involved with industry to form such as CEPA's Integrity First Program in Canada and the various committees of the Association of Oil Pipelines in the United States.

Switching over to the fundamentals, CAPP's forecast of Western Canadian crude oil growth remained strong. Strong crude pricing and an improving outlook for price differentials continues to position a significant slate of oil sands projects as attractive capital investments for their sponsors.

At Enbridge, we recognize that we have a role to play in helping ensure these projects remain attractive in the eyes of their sponsors. We need to continue to deliver on our projects to add regional and mainline capacity, while ensuring access to markets that will offer premium netbacks and we must do it competitively. Not just keeping our pipeline customers in mind, but the cost structures of our customers as well.

Our own forecast is very similar to CAPP's. And while there's always a degree of uncertainty surrounding a forecast this far into the future, we're comforted by industry strong performance and delivering the front end of this curve as well as the pace at which we see projects and expansions moving through their development cycle.

Production forecast in the Bakken whether it's our own, the North Dakota pipeline Authority or many others are all calling for continuing growth. The key driver behind this upward revision has been the significant jump in well potential and tighter spacing. Once again, Enbridge has a key role to play in this basin similar to the oil sands.

We need to execute on our plans that will allow production to migrate from the railroads and reach new markets via the Enbridge system that offers stronger netback prices. North Dakota has continually outpaced our expectations. And while producers must now step up to address flaring, we believe the required associated gas infrastructure will be built and that growth will continue in the state.

Earlier, I mentioned strengthening differentials for Western Canadian and Bakken crude. This slide illustrates how current differentials have narrowed significantly over the last year versus the 52-week average. Refinery runs in Canada and the US have strengthened but more importantly, emerging pipeline capacity and market access programs, led by Enbridge's efforts, are allowing customers to realize much more attractive differentials that are beginning to more closely reflect their underlying pipeline costs.

While this slide provides early validation of the value of new market access, and the commitments made by shippers to Enbridge's projects, we cannot take the current situation for granted. We need to continue to execute our projects in a competitive and timely manner to ensure that growing supply does not make today's outlook short-lived.

On the PADD side of things, North America continues to offer a lot of opportunity for Canadian and Bakken crudes to access new markets. PADD II refiners are very well positioned to continue to be the largest market for deliveries on our system, offering attractive netbacks for producers.

Foreign crudes represent a significant supply source on the East Coast of Canada and the US, as well as along the US Gulf Coast. And while industry, Enbridge included, has targeted providing producers with access to waterborne markets later in the decade, we are first actively targeting getting to the remaining opportunities that will allow foreign imports to be displaced by deliveries across the Enbridge system. Given the strength of benchmark crude prices underpinning these markets, they represent not just additional markets but attractive prices as well.



Competitive growth of the Canadian Oil Sands requires a robust supply of condensate and the market in North America is shaping up to be just that. The Eagle Ford formation in the US is driving much of the supply growth and is leading to the construction of a number of condensate splitters along the US Gulf Coast to allow for the export of process condensate to the international market. These field facilities will also produce diluents that are well suited to use in the Canadian oil sands. And we expect they will support the eventual consumption of up to 1 million barrels a day required to support bitumen production growth.

Exports of processed condensate are an important opportunity for industry to continue to develop and grow liquids production in a competitive and profitable manner. There's a lot of conversation about the potential for future exports of crude from the US as well, and while the timing and issues will be subject to a lot of future debate our view is that at the right time exports of crude from the US will be important to industry and a positive contributor to continuing price strength in the markets served by Enbridge's system.

Our mainline system offers shippers a host of capabilities that represent real value, which our competitors cannot replicate without significant additional investment. We transport 23 commodities, including multiple grades of light and heavy crudes as well as NGLs and refined products.

Our significant terminal network provides operating storage that can significantly assist shippers during times of production facility or refinery upset. Batches on our system can access multiple markets, and we facilitate in-transit trading of these batches to allow customers to optimize deliveries to these markets or manage supply in the event of a disruption.

On top of that, we offer very competitive tolls. Why is this important? It's important because there are currently four contract pipelines underdevelopment targeting the Western Canada sedimentary basin. As the common carrier, we need to pay close attention to these projects, our own competitive position and the outlook for volumes on our mainline system.

As the slide indicates, our analysis suggests a continuation of strong volumes and high utilization of the system. While we are encouraged by this analysis, and confident in our competitive capabilities, we're taking nothing for granted. We are committed to keeping our tolls as low as possible and to be in the pipeline of choice for the marginal barrel, today and well into the future.

To provide our customers every day with all of the features of our mainline system that I just reviewed, requires great work by our staff across the system in Canada and the US. Multiple receipt points, multiple delivery points, differing crude types coupled with ongoing needs for regular maintenance and pipeline integrity work, all lead to a very complex operation.

It also often leads to a complex answer to your seeming simple questions as to what is the capacity of your mainline system. On the surface of it, our publicly expressed capacity is 2.5 million barrels a day ex-Gretna. But what is actually available is a function of many factors. What is the light and heavy crude split? What deliveries do you have from feeder pipelines? What refinery utilization rates are you experiencing? These and many other factors determine the answer on any given date. Recognizing these factors and their impact on our capacity has driven an intense focus by Enbridge, oftentimes in consultation with our customers to mitigate issues negatively impacting capacity. The CTS agreement creates a strong alignment between Enbridge and our customers to squeeze as much capacity out of our mainline as possible. It enhances value for them and contributes earnings for us.

Our focus, the cooperation of our customers and the emerging balance of light and heavy crudes has allowed us to significantly narrow the gap between the capacity that's available and the published capacity of our system. As of midyear, we stand at effective available capacity of ex-Gretna of about 2.1 million barrels per day. And in fact, that was our throughput level in June and again in August. Our efforts are not yet complete as we plan to implement further actions and optimization before year end in an attempt to enable further capacity available for our customers.

By 2018, we expect our ongoing efforts to realize ongoing capacity of both 2.3 million barrels per day versus the published 2.5 million barrels per day. We will likely continue to carry about 200,000 barrels a day of capacity that is not accessible due to the crude slate imbalance and upstream bottlenecking.

The last perspective I have on the mainline capacity relates to how we're managing the delay in the permitting of -- presidential permit approvals for the Alberta Clipper expansion. We have put a number of temporary measures in place to provide the 120,000 barrels a day of expected capacity



from the first phase of Alberta Clipper, which was targeted for midyear. We'll use a combination of drag reducing agent and a temporary reallocation of light and heavy crudes to gain additional heavy crude capacity until we get the Alberta Clipper expansion permit. We will also utilize flexibility we have to better balance our operations with our existing cross-border permits, using interconnections we have installed at the border between Line 3 and the Alberta Clipper line. These measures are now in place and will be fully available to accommodate increasing nominations for the month of October.

Again, these items are the result of good innovation and a lot of hard work by many of our employees. And we are pleased that our customers are recognizing our efforts and the value they are expected to provide.

Let me now talk a bit about the various projects that we have under development. Edmonton and Hardisty are the two key market hubs for crude oil in Alberta. And as we see growing volumes and more regional oil sands, pipelines targeting Edmonton as their delivery point, additional capacity is required on the Enbridge system from Edmonton to Hardisty. In order to meet those needs, Enbridge is expanding the system between the Edmonton and Hardisty terminals to provide capacity of up to 800,000 barrels a day, along with the related terminal upgrades. This project will come into service in the second quarter of 2015.

In March of this year, we announced an agreement with our customers for the planned, \$7.5 billion replacement of Line 3 from Hardisty, Alberta to Superior, Wisconsin with a targeted in-service date of late 2017. This represents the largest single project in our history and the agreement makes a great deal of sense from a number of perspectives. First, it provides our customers with the ability to access the full 760,000 barrel per day capacity of Line 3 on a short-term basis, when the capacity of some of other lines on the system may be limited for planned or unplanned reasons. It is completely consistent with our plans to be the leader in safety and reliability and is a strong signal of our customer support for safe pipeline operation as well. It provides a better economic outcome for Enbridge and our shippers versus the alternative of an ongoing aggressive multiyear pipeline integrity program. And it offers Enbridge excellent commercial underpinnings in support of the new investment.

The competitive advantages of our mainline system are evidenced by the fact that Enbridge is leading the competition in providing capacity and market access in the challenging environment. Our market access projects represent significant progress for the industry in growing the market and improving prices while at the same time is a driver of superior growth at Enbridge.

Commencing within the coming weeks and extending through to 2017, our Western Gulf Coast Access, Eastern Access and Light Oil Market Access programs are slated to attach 1.7 million barrels per day of new markets for Canadian and Bakken crudes.

The market access components of our \$5.4 billion Western Gulf Coast Access Market Program are targeted to be in service November 1. Our 585,000 barrel a day mainline path via Flanagan South Pipeline and Seaway will be the first large volume project for Canadian crude to the US Gulf Coast. It largely utilizes the footprint of our existing asset base, which was important to our ability to execute in a timely manner and it offers much-needed access for Canadian heavy crudes into the US Gulf Coast, providing access to a large local heavy crude refining center as well as dock access for potential exports to markets -- for markets further abroad. The value of this project to our producers, customers is already evident as the market factors these deliveries into future pricing and the spread between Western Canadian heavies and Mayan crude narrows.

In conjunction with this improved access, we're expanding the capacity of our Alberta Clipper system from 450,000 barrels a day to 800,000 barrels a day. This capacity is expected to be permitted and available by middle of next year.

Following the commencement of line fill for the Line 9B reversal in the coming weeks, our \$3.2 billion Eastern Access Program will largely be complete. It offers critical access to up to 300,000 barrels a day of new markets in Quebec for growing Canadian light and Bakken production. Producer netbacks are expected to improve as they access more of this premium-priced market or in some cases, now served by lower pipeline tolls versus more expensive rail transportation options.

Our \$6 billion Light Oil Market Access Program is well underway and it's underpinned by solid commercial structures. We believe that upper PADD II, Patoka and Eastern Canada will be the strongest markets for light crude. And our projects offer the most competitive access to them. In the near term, the full replacement of Line 6B is now complete and ready to go. Under the Light Oil Market Access Program, capacity on 6B will be further increased to 570,000 barrels a day. We expect final regulatory approval shortly for the Southern Access Extension which will have an initial capability

to transport up to 300,000 barrels per day from the terminus of our Southern Access pipeline in Flanagan, Illinois to Patoka. The expected in-service date of this important access to light market served out of Patoka is late in 2015.

The Sandpiper project designed to transport an additional 225,000 barrels a day out of North Dakota is undergoing regulatory proceedings currently and is expected to be in service in 2017. As we have previously disclosed, we're very pleased that Marathon is both an anchor shipper and a partner in each of the Sandpiper and Southern Access Expansion projects.

Our strategy in the oil sands region has largely been the result of an effective optimization and utilization of our portfolio of assets to attract new projects to our system during their early stages when production cannot support a new pipeline. We then provide opportunities to move to new and larger pipeline commitments as projects mature. We continue to leverage the scale in the region into opportunities for new pipelines, laterals and related facilities to connect oil sands productions to Alberta's market hubs in Edmonton and Hardisty. These projects serve a vital role in linking production to our mainline assets.

Total secured capital in this region is \$6 billion, with the two most significant projects underway to serve the Kearl and Fort Hills projects. Kearl is a classic example of the strategy that I just laid out. Phase I of their project is already served by the Woodland Pipeline from the project site to our Cheecham Terminal, where the volume is currently flow on our existing Waupisoo Pipeline. Kearl has now sanctioned the construction of the Woodland Pipeline extension, which will extend the pipeline from Cheecham to Edmonton to facilitate volumes from Phase II of that project.

Similarly, for the Fort Hills project, we have entered into agreements to construct the Wood Buffalo extension pipeline, which extends the Wood Buffalo pipeline currently in operation in serving Suncor from Cheecham to Hardisty. In addition, we have agreed to construct the Norlite Diluent Pipeline, which we'll be a 24-inch diameter line, sourcing diluent in Edmonton and Fort Saskatchewan for transportation to Cheecham and the Athabasca region around Fort McMurray.

Norlite represents Enbridge's first diluent pipeline into the oil sands and is an important strategic addition to our portfolio. This region is a fantastic part of our business, with solid customers and great assets linking into our mainline. We'll continue to leverage and optimize our portfolio in this region to drive higher returns and competitively position ourselves to secure new business.

I've already touched on our Sandpiper project and the access it provides North Dakota to premium light crude markets. Strategically, we're focused on providing the highest netbacks to producers in this region. We're seeing a number of competing pipeline proposals with lower tolls than those offered by Enbridge, but we are confident the netback value of the markets we serve supports the commitments the market has made to our projects. This is evidenced by our success in the region. Once Sandpiper is complete, Enbridge will have an operation of total capacity of 650,000 barrels a day to transport crude from North Dakota; 225,000 on Sandpiper, approximately 200,000 on our Legacy North Dakota system; 145,000 on our Bakken expansion project, which transports North Dakota volumes north through Saskatchewan to our mainline at Cromer, Manitoba; and 80,000 barrels a day from our rail loading facility located in Berthold, North Dakota.

To recap what our system will look like upon completion of all of these projects by the end of 2017, our mainline system will have capacity ex-Gretna of 2.85 million barrels per day, along with an ability to receive up to 200,000 barrels a day off the North Dakota system at Clearbrook. And an additional 225,000 barrels per day from North Dakota on the Sandpiper system at Superior.

As we discussed when we announced the Line 3 replacement project early in the year, our system will be largely in balance in terms of volumes available into Superior and our pipe capacity ex-Superior. Deliveries from our system will continue to dominate the PADD II market, but will also have access to up to 800,000 barrels per day of capability to cushion in the Gulf Coast, along with 300,000 barrels per day into each of Eastern Canada and Patoka. Not only will we be well positioned in a very competitive spot with pipeline already in the ground at this time, we will also be able and ready to seize on further expansion opportunities, which may present themselves in the future.

Regionally, the flexibility and scalable nature of our Oil Sands portfolio has and continues to prove itself as a valuable competitive and strategic tool to leverage into new and growing opportunity. We expect to continue to grow this competitive advantage and further position ourselves to capture supply growth expected towards the end of the decade and beyond.



Looking at our mainline, if the volumes available to the mainline turn out to be stronger than anticipated, there's a potential for growth on our system of an excess of 500,000 barrels per day. The Sandpiper project could be expanded by up to 160,000 barrels per day. And Line 3 will have remaining unutilized capacity into Superior of 370,000 barrels per day.

While it is expected that these volumes can be accommodated on Sandpiper and Line 3 at very low cost, significant new investment will be required downstream of Superior to eliminate the bottleneck that would exist there. The most significant capital requirement would be the need to consider the twinning of our Southern Access Pipeline, otherwise known as Line 61, which would remove the bottleneck at Superior and transport additional volumes to Flanagan. Once at Flanagan, we expect that we would also look to undertake expansions of our market access programs to add low-cost capacity on Flanagan South and Seaway, the Southern Access Extension and to serve markets in Eastern PADD II and Eastern Canada. Depending upon the volume of this growth opportunity and the balance between light and heavy crudes, it is also possible that new access to the Eastern US Gulf Coast could be contemplated.

As I touched upon in the fundamentals, a robust diluent supply is essential to the continuing successful development of oil sands production. In addition to the crude oil opportunities I have outlined, we will also be situated with what we believe will be very competitive options to expand diluent volumes on each of our Southern Lights Pipeline and the Norlite Diluent Pipeline should the market demands warrant. A lot of these opportunities are further out on the horizon and can only result through the manifestation of the underlying fundamentals. We are watching things very closely and believe we can respond quickly if the opportunities present themselves.

Finally, Northern Gateway is, obviously, a very large opportunity for us later in the decade. We are working with our funding partners to refine the project costs and a final investment decision is not expected until the New Year. Janet Holder is here today and is available to answer any of your questions that you may have on the many things that are going on with Gateway Pipeline.

So to wrap things up, Enbridge is leading the challenge to provide capacity and market access to our customers. We're highly focused on delivering our locked in growth and enhancing returns, and we are very well positioned to capture further growth later in the decade if fundamentals warrant. Thank you for your attention and I'll be happy to address any of your questions.

Robert Catellier - *GMP Securities L.P. - Analyst*

Robert Catellier, GMP Securities. We've seen a couple of oil sands projects get delayed recently being Total and the Joslyn line, more recently Statoil with their Corner project. Also hearing the limited amounts of complaints about -- there are concerns about future rail capacity particularly on the tracks. So is there anything the industry can do to avoid more project deferrals and obviously excluding a permitting breakthrough? Is there anything on the operations side that the company or the industry can do to avoid market access risk? It seems like most of the optimizations you've mentioned they have a natural limit in terms of capacity it can add, and they seem to be somewhat temporary in nature.

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Well, I think in terms of market access for the Canadian barrel in particular, the critical issue is the permitting one, the cross-border permitting. We talked about our optimizations, we're going to continue to look to optimize our permitting situation and volumes on our system. But you're right. The limitation is that, which is imposed by the permitting. So in terms of our projects or other projects for industry cross border on the pipe, the presidential permitting issue is the issue that needs to be resolved.

Getting to other markets is proven to be challenging as well. We -- Janet and her team bear the scars of the process that we've gone through with Northern Gateway. We see some of the competitors beginning to endure some of the same thing on their projects, so we're not really making it much easier in Canada to get things done either. So that should be an area whereas industry and as a country, we should have much better control over our destiny, but we don't seem to be taking it quite the degree that industry would want.

On the rail side of things, it's interesting you talk about congestion and whatnot. I had a meeting recently with the governor of one of the states that we do business with. And we went through this presentation of all the growth we had going on in the state and why it was good for his state



and this and that and he asked me one question. And that question was, when you've expanded your pipeline, how many oil trains will go off the tracks in my state. And their concerned there was moving agricultural products and moving other shipments through their state. It was critical to their economy that wasn't crude oil. So we hear, talk about congestion at the higher levels at some of these state levels and local jurisdictions, it's real.

Robert Catellier - *GMP Securities L.P. - Analyst*

So then, with that answer, the obvious follow-up question is, failing a permitting breakthrough, at what point does that growth curve you show in production in Western Canada become a significant risk again?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

I think talking about our own situation, we're going to be adding another 350,000 barrels a day on Alberta Clipper. That will then position us in a situation where cross-border permitting would be in place for potential utilization of further volumes on Line 3 if the investment opportunity downstream were in place.

So you can paint a picture where ourselves, we're going to be able to add 500,000 or 600,000 barrels a day of new capacity, which is going to admittedly take industry forward for a few years. But we need more faster as an industry. And it will begin to impact the outlook. We're very confident right now in terms of the near-term performance of the oil sands producers in terms of meeting their production curves, developing new technologies, managing their cost structures much more closely. But we, as I mentioned, we have to continue to do our part to open up those markets to allow the production to continue to grow.

Robert Catellier - *GMP Securities L.P. - Analyst*

Thank you.

Paul Lechem - *CIBC World Markets, Inc. - Analyst*

Hi, good morning. Paul Lechem, CIBC. Just maybe following on, on the permitting question, couple of outstanding permits that you still are trying to get through Clipper Expansion and Line 9B, can you -- you've given us in-service dates of both of those Clipper middle of next year and Line 9B by the end of this year. I was wondering what progress have you made? What gives you the confidence that you can lay out those time frames?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Yes, so I think in terms of -- I know Byron's going to address these in more detail in his presentation. I think on a -- the higher level on Line 9B, we have the regulatory -- we have the NEB approval. There were conditions that we needed to meet prior to going into service, and a number of filings and reports that we needed to submit to do that. My understanding is, is that the last of those reports are with the NEB and we are waiting to hear if there's any issues with that but not expecting any, which would lead us to be looking to move that -- the line fill and that program into service towards the end of this month, beginning of November.

Alberta Clipper, the process is moving on. Again, I think Byron will go into that, but we're confident that the level of activity we see and where they're at in the stage of their process at the Department of State that we're going to have that permit by next summer when the facilities are complete.



Paul Lechem - *CIBC World Markets, Inc. - Analyst*

Okay and if I could just ask one different question. On the condensate diluent side, I think you mentioned that you foresee the potential for up to another million barrels of condensates required in the oil sands. And you mentioned the Eagle Ford is one of sources of supply. Does that mean that Enbridge is looking into potential line to bring condensate northbound from the Eagle Ford, or are you looking at Northern Gateway as your answer to bringing additional condensate into Alberta?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

I think we will look for -- we've always had an interest in other players in the industry. We've had interest in finding ways for Gulf Coast-sourced diluents to get into Southern Lights. So I think our first option will probably be to look to try and facilitate movements of product in the Southern Lights that would allow us to expand Southern Lights and move that on up. So I think how -- I guess it's a function of size. If we can accommodate on Southern Lights, we're going to do that. But we're not relying on Northern Gateway as the only opportunity for us to bring condensate into Western Canada.

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. Just in the context of L3R that was announced earlier this year and all the integrity work you've done in the last few years, do you foresee a big part of the capital program post-2017 being another replacement cycle really line-by-line and really going through things in that fashion?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Not based on what we see today. We've done a very in-depth engineering assessment of all of the individual lines within our system, and I think what I've laid out in terms of the 6B replacement, the Line 3 replacement, the work we're doing now with our customer on Line 10, those are the ones where it really doesn't make -- you can keep them, they operate safely. You can keep them operating safely, but the investment you're having to make year in and year out is really not moving the needle for you in terms of the integrity of the line. So in those circumstances, that makes better sense to replace them.

On the balance of our system, we're quite confident that our ongoing integrity programs are going to be more than sufficient to keep the pipeline safe and operating at the capacities that we need them to do.

Andrew Kuske - *Credit Suisse - Analyst*

As a follow-up, in the event of the permitting environment, start is very difficult. Would there be any way to replace portions of the lines and increase throughput without violating any of the permitting issues?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

I think that really, the limitations of the permitting issues are really by the pipe diameter that crosses the border. So you may be able to optimize around the edges, I would guess, but it's probably not going to add a meaningful upside to what we can do.

Steven?



Steven Paget - *FirstEnergy Capital - Analyst*

Thank you. Steven Paget, FirstEnergy. We're seeing secure growth in NGL processing in Western Canada, and that -- so obviously, there's going to be lot more volumes. Is there the possibility of an expanded role in NGL shipping for Enbridge Pipelines?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

I think -- so I think we agree that there's a positive outlook in Western Canada for those midstream opportunities. Responsibility for that part of our business actually rests with Greg, so I'm sure Greg is going to have an opportunity to address that in his presentation or answer it right now if you'd like. Yes, he says. Yes, to both.

Steven Paget - *FirstEnergy Capital - Analyst*

Second question, what are you seeing in terms of shipments from the Bakken to PADD I, the eastern PADD I or Pennsylvania from the Bakken, and what parts are you playing in that beyond the rail terminal from Berthold?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

So probably the more key feature of what we're doing in that region is through the Eddystone Rail unloading facility that we constructed and now operate in Philadelphia. That facility has the capability to unload about 80,000 barrels a day currently. The underlying -- the key customer that we have of that facility is an active Bakken player, so we suspect that the bulk of the crude coming in here is from the Bakken.

We're understanding that more of that Bakken crude is making its way into that market through other rail avenues, so the inroads seem to be quite good. I think it's been in part contributing to the renaissance that, that refining center seems to be having in terms of their ability to attach to a North American price crude versus a waterborne crude marker.

Steven Paget - *FirstEnergy Capital - Analyst*

Thanks, Guy.

Carl Kirst - *BMO Capital Markets U.S. - Analyst*

Carl Kirst from BMO. Do you see the possibility of condensate exports as far as from the Eagle Ford, if that really is able to be broken open and ramped more in the next few years? Obviously, you can extrapolate depending on the stabilization process, maybe Bakken gets thrown into that mix. Do you see that as a disruptive influence on, in particular, Southern Lights if more people are going to try and get that down to the Gulf to export, how do you see that?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Well, it will be disruptive, but I think we view it as positively disruptive. And I say that because failing the opportunity for those exports to happen, you're going to have a lot of liquids trying to find homes in North America and putting a lot of pressure on price. So we see the exports from the producer side of things as being critical, not only to get the condensate out but critical to supporting prices in our markets for the light crude oil producer who is otherwise competing against that Bakken barrel before it's stabilized.

From the condensate point of view, I think it's going to boil down to what's the netback for the producer. Can we get that barrel into Southern Lights and move it to Alberta and achieve as attractive a price as they can and transporting it to the Gulf and going to other markets.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Okay. And one other question if I could. Just with the potential debottlenecking, call it post-2018 below Superior, and I guess this can be somewhat circular in as much as let's assume Alberta Clipper gets the presidential permit next year. So with that, with the system more in balance, are you expecting perhaps the next wave of growth to be the Bakken and the light oil, or do you expect maybe a resurgence in the oil sands post-actually breaking the permitting logjam?

Guy Jarvis - Enbridge, Inc. - President - Liquids Pipelines

Well certainly, when you look at the growth in North Dakota, we think there's a strong probability that by the end of the decade, we will have been in a situation where we can expand Sandpiper. That's part of the plan and getting in there and getting it built in the first place.

On the oil sands side of things, I think it's going to be a function of the many things that Al's talked about and we've talked about, it's the cost structure. It's the market access capabilities. It's the pricing differentials. It's the competition for worldwide capital. So is there a potential for increased production? Yes. We did a bit of analysis here recently around Flanagan South. It's going to start up here shortly, and the question was, we've got pretty significant levels of heavy apportionment on our system now. Why is that? We weren't expecting that. When we approved Flanagan South and what we found in retrospect was production was 300,000 barrels a day stronger than what we had forecasted at the time when we approved Flanagan South.

So there's a lot more barrels on the market. Some of the other pipeline projects haven't been approved, which even puts more barrels back on the market. So industry has proven to be able to outperform our forecast. Will they do it? We don't know.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Thank you.

Matthew Akman - Scotiabank Global Banking and Markets - Analyst

Matthew Akman, Scotiabank. Maybe there wasn't room on some of these maps, but there wasn't a lot of discussion around some of the terminal investments that Enbridge might make. And in particular, I'm curious about the company's level of interest and commitment to Western Canadian rail loading for heavy oil. And then related to that is we haven't heard a lot about storage at Hardisty expansion. Even though Enbridge is the biggest player, there was I think some discussion in here about the expansion at Edmonton. So could you please talk about your plans there?

Guy Jarvis - Enbridge, Inc. - President - Liquids Pipelines

Sure. In terms of the rail side of things, we really don't have anything under -- on the books in Alberta for rail loading. Producers have really got out in front of that. A lot of other players have got out in front of that. So we don't really see room in that space for us right now.

Our focus on rail now is kind of one on the unloading side. Is there a way to create some rail unloading spots in the US and we're looking at Flanagan, which would allow barrels that are being apportioned due to some of the upstream constraints on our system to be railed to Flanagan and then find their way back into our mainline, either to go up in the Chicago or onto 6B, or down to Flanagan South to the Gulf. So that is something that we're continuing to work on. We don't have it solidified right now, but we are in conversation with a couple of people about that.

We have been looking at some other rail unloading in other markets, but really, what we're finding is as the expectation for more pipeline coming to market in these areas makes it very difficult to envision rail being a long-term answer in those markets. It's a long-term answer in Philadelphia, as it's going to be very difficult to build into there. It's a long-term answer on the West Coast of the US because again, it's very difficult to get in there. But primarily, our focus right now is Flanagan.



Matthew Akman - *Scotiabank Global Banking and Markets - Analyst*

And the Hardisty?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

And the Hardisty, yes, we are evaluating the potential for not a large expansion but an expansion at Hardisty Terminal. It was a very large undertaking in the first place with a lot of core infrastructure that had to be built. And now, that we've got that infrastructure built and underway, we're in a pretty competitive spot in terms of being able to just add additional tanks.

Matthew Akman - *Scotiabank Global Banking and Markets - Analyst*

Thank you very much.

Paul Lechem - *CIBC World Markets, Inc. - Analyst*

Paul Lechem, CIBC. Question for you about volume risk on the mainline, everyone's talking about filling it up. But I'm wondering the other way, the potential downside risk on volume. And specifically on one of your slides, Slide 9, you show the theoretical capacity of the main line and then what you expect your volumes through the mainline to be and it's always growing over time. And yet you assume Keystone XL, Energy East and one West Coast pipeline are going to be built, which effectively, when I add it up, provide about 2.5 million barrels a day of additional capacity, which is roughly equal to the total capacity of your main line system. So you're going to be doubling the theoretical takeaway capacity out of the West and yet, your line -- your volume throughput continues to grow over time. So I'm just wondering, how do you think about that? What is the potential downside risk to the volume post-2018, which is one of the key drivers of earnings growth?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Well, again, and I'll just clarify one point about that chart, is that what it characterizes there is the contracted capacity of those pipelines. So we're very confident that while we know they have more capacity than we're representing in that chart, that we're going to be competitive enough and the markets that were serving are going to be willing to pay strong enough prices that we're not going to see a substantial erosion of volumes off of our system to that excess available spot capacity on their system. So that's the first part of my answer.

Second part of the answer is, within the current CTS agreement that we have that runs through till July of 2021, there is a volume floor, below which a renegotiation of that tolling would result. That volume floor is 2.35 million barrels per day, following the Line 3 replacement deal that we've struck.

So we -- again, we don't see falling down to that level in the scenarios that we've outlined. In fact, we see growing volumes from now through towards the end of the decade that will then suffer some erosion supplemented by more volume growth, some erosion supplemented by more volume growth. So we look at this all the time. We're making decisions today about capital investments in our system that not -- they don't just get looked at in today's context. They get looked at in the context of what's it doing to our competitive situation five or six years down the road. So we're sharply focused on this and we're convinced that we're going to be competitive enough and that the markets that we serve are strong enough, that we're going to sustain those volumes.

Paul Lechem - *CIBC World Markets, Inc. - Analyst*

Thank you.



Dave Ramsay - *Calrossie Investment Management - Analyst*

Dave Ramsay at Calrossie Investment Management. If you had a period of extended low prices, and this ties a bit into the previous question, extended low oil prices such that a lot of these production capacity got deferred or canceled outright, how do you handle the risk of being stuck with some half-completed expansions that you're not going to get paid for? Is it all covered somehow?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Well in terms of our -- looking at our regional oil sands picture and the commercial structures that underpin them, absolutely we will get paid for them. We've been through a situation like that volume-wise with the financial crisis of 2007, 2008 and what we found there was many of the more well-capitalized producers were taking a longer view, and we were actually very, very successful during that period in securing some new business as people look through the short-term problem.

I guess, on terms of the mainline and downstream, to the extent that it impacts mainline volumes under the CTS arrangement that would affect our revenues. But when we look at the other things that are going on in the industry, we think in a lower volume environment, we represent industry's best option, and we would struggle in the situation that you outlined to envision four new contract carriage pipelines being built, and we would expect that we would see some continuing strong volumes on our system in that world.

Winfried Fruehauf - *W. Fruehauf Consulting Ltd. - Analyst*

Slide 23 shows a potential Seaway capacity expansion by about 200,000 barrels a day of heavy crude. Is that the ultimate expansion potential or is there more behind that?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

No, I think that's pretty much the ultimate expansion capacity of the Seaway twin based on the pipe diameter that we've installed.

Winfried Fruehauf - *W. Fruehauf Consulting Ltd. - Analyst*

Unless there is a Seaway triplet?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Well, I guess, that's right. We would need a triplet to get higher than that volume. That's correct.

Robert Kwan - *RBC Capital Markets - Analyst*

Just wondering about the volume upside under these interline flexibility arrangements for CTS. I'm just wondering, can you give some color as to some of the potential projects, what the ultimate capacity you might be able to add, potential timing, how quickly could you do it, and anything on the regulatory side?

Guy Jarvis - *Enbridge, Inc. - President - Liquids Pipelines*

Well, again, we're doing some stuff that's now implemented in terms of the Line 3 flexibility and crossover program. We run all the traps on that from a regulatory perspective and it's complete and it's in-service. These issues that -- when we look at this crude slate issue, it's not just as simple



as deciding, I'm going to move that batch from this pipeline tomorrow. We have to go through a process with our regulators both in Canada and the US when we look to do some of those changes to make -- to give them comfort that we've gone through a management of change exercise that gives them the confidence that what we're doing isn't impacting the integrity of the system and how we need to do that. So we've been spending a longer period of time and we thought this year working on that and effective October 1, we're moving forth with one of those movements.

Now the volume -- it's based on what the production is, so it's pretty hard to say. I think we've been illustrated here 40,000 to 50,000 barrels a day as one example of one action that we're taking around the crude slates.

Looking forward, it's hard to say, Robert, until we know exactly what it is we're trying to do, what it takes. Some of it we can without approvals and we can do it very quickly. Some of it we have to involve PHMSA and the NEB.

Robert Kwan - RBC Capital Markets - Analyst

If I can just ask one more question. There's been a real resurgence of support out of the Bakken for other pipelines moving oil to the south. Just wondering what your take on that is, whether you think that's ultimately positioning for export. And the conversations you had why you see the support going with some of the other pipes versus, say, Sandpiper, Flanagan South and ultimately Seaway?

Guy Jarvis - Enbridge, Inc. - President - Liquids Pipelines

Right. Well, I think my chart starts with the obvious. North Dakota wants to get their barrels off the rail. I think they realized that there's an exposure there and they want to get it moving on pipe. These other projects, as I mentioned, they are offering lower-priced transportation to certain markets like Cushing or over to Patoka. I think from what we see, the longer-term goal for those producers is probably to try to position themselves for export. It'll be -- it's difficult at this stage of the game to try to understand what that pricing might look like to them, when it happens and how that impacts their net backs.

I think if we look at what we're doing, what we're confident in is the fact that we have signed customers and we have contracts and we're building. These other projects are at various stages of development and have a ways to go and we'll see how it shapes up. But we do believe that part of the fundamental underpinning around people's views of that is the potential to export.

Robert Kwan - RBC Capital Markets - Analyst

So price trumps flexibility then, given your system gets multiple delivery points.

Guy Jarvis - Enbridge, Inc. - President - Liquids Pipelines

Well, I think it's one of those things where they want better prices in more markets. We talk about having the ability to take another 160,000 barrels a day potentially out of there on Sandpiper. If you believe that North Dakota's going to 1.4 or 1.7, they're in a situation much like the Canadian Oil Sands producer where it's we need markets everywhere and I think that's probably what's driving it more than anything.

Linda?

Linda Ezerzgis - TD Securities - Analyst

I don't know if this question is for your or for John Whelen maybe, but given that we don't have a lot of visibility to the extent you are potentially doing some discounting on your core CTS to secure those market extensions as well as all these great initiatives and debottlenecking, moving your slate and the crude around are probably affecting your scale factor to a certain extent. Can you give us an updated sensitivity on what 100,000



barrels per day delta would do on CTS earnings today and how that might trend over time and maybe give us an updated outlook on what your scale factor is trending the next couple of years? Or is that a question for John?

Guy Jarvis - Enbridge, Inc. - President - Liquids Pipelines

We'll have to get back to you on the details of that. But what I will say is that one of the features of our CTS agreement with customers is that if we do offer discounts on the mainline, we have to offer it to everybody. So we've been structuring all of our arrangements to preserve the CTS tolling and not to create a situation where there's a discount because to envision providing a discount to 2.1 million barrels a day of volume to support 200,000, 300,000, 400,000 barrel a day investment, the numbers just don't work.

So we haven't been discounting. So I don't think anything that we've been doing should be materially impacting what you would already see on the factor.

All right. Well I don't see anybody else lined up, and we're just about back on time, so pleased to introduce Byron Neiles, Senior Vice President of Major Projects.

presentation

Byron Neiles - Enbridge, Inc. - SVP - Major Projects

Well, good morning. Effective capital management is key to Enbridge delivering solid returns, and that's why Major Projects was formed six years ago, a standalone specialized project management function to help the company deliver on its growth plans.

Our objective today is to demonstrate why we're confident in our ability to continue delivering on that growth plan, and I'm going to do that by running you through some recently completed projects that have added a significant capacity for our customers. I'll then demonstrate how our core strengths, how we've repeatedly applied those strengths to deliver on projects. And then how we're navigating the more pressing demand on infrastructure, energy infrastructure today and that securing permits.

So the first driver of our confidence at Enbridge's track record are from 2008 till the end of this quarter, we placed \$20 billion into service, roughly 40 projects at less than 5% under budget and then towards 2017, we'll apply our proven knowledge to bring another 27 projects at \$27 billion into service. Since last Enbridge Day, we've delivered 10 projects at just over \$4 billion, adding incremental capacity that Guy ran through in his presentation earlier. And at the same time, the portfolio we manage has risen by \$11 billion, highlighted by the Line 3 replacement project.

Just as our portfolio evolves, so too do the challenges that we and the industry face, year-over-year, opposition intensifies, permit cycle times are getting longer and the cost pressures are increasing. And later on, I'm going to take a deeper dive into the Flanagan South project to demonstrate how we've overcome many of these challenges. At the same time, the competition is increasing and the infrastructure growth is placing heavy demands on materials and labor markets hence, driving even more cost pressure. And while we're not immune to these cost pressures, we got ahead of a number of the risks associated with this by entering into a pipe frame agreement that provides a supply security as well as better-than-market pricing.

And we've replicated the strategy with other key categories including construction, labor, equipment and engineering services. And this helps us to minimize our exposure to heating markets. These agreements take a multiyear view rather than a 3-bid and a buy and they help to provide us with predictability in cost as well, working through top suppliers who achieve quality and productivity and safety performance through their repeatable work with us.

Of course, none of that matters if we don't execute safely. In 2014, we will have over 10,000 trades people working over 20 million hours on our jobs across North America. But year-to-date, we are achieving better than industry-leading performance on safety as measured by total recordable incidents.

So with that context, let's move some of the recent projects to show you how we employ our core strengths to tackle industry challenges.

So looking first at the Canadian portion of the Alberta Clipper expansion, Phase I to 570 was completed two weeks ago and the expansion of 800,000 barrels a day commenced in May and utilizing existing footprints, building one standard station design, coupled with material and labor agreements, have resulted in on-time, under-budget delivery and this is a strategy that we replicate on all of our station builds.

Moving to the U.S, Clipper to 570 was also completed a couple of weeks ago and in early August, the expansion, Phase 1 expansion of Southern Access was also complete, and that team is now completing ground for 12 new stations to enable the expansion of Southern Access to 1.2 million barrels next year in a couple of phases. And then in late August, Minnesota Regulator-approved Clipper to 800,000 barrels a day and our construction will get underway once we have the formal written order in hand.

On to the State Department, its contractor is making progress on its study to amend the presidential permit. Since the first quarter, we have responded to numerous data requests. We meet weekly with this third-party contractor who in fact will be out visiting our facilities in the field very soon. And then the public comment period on the scope of this review has now closed. So as Guy mentioned, we expect this process to wrap up mid-next year. And as he also indicated, there are a number of temporary systems optimization measures in place to meet required capacity.

Moving to Michigan and Indiana. We completed the last 50 miles of the 285-mile 6B Line that we've been replacing and expanding the last couple of years. The last 50 miles were flowing oil on Sunday making another 250,000 barrels per day available and furthermore planning and construction is underway for still more expansion of that line for 2016. And certainly, this project was executed with a significant public scrutiny, given the Marshall incident, but our focus as a company clearly remains on earning the confidence of the citizens of those two states that we will continue to operate our systems.

Some of these 6B volumes are destined to refineries in Ontario and Quebec via the reversed and expanded Line 9, which will be completed in two weeks and flowing oil in early November. And certainly this work has been very straightforward from an execution perspective, but it's been extraordinary from a stakeholder and permitting perspective, including occupations of several of our work sites throughout the summer. And that just really underscores the importance of consultation with communities and with land owners and all levels of government to earn their confidence. And further to that, we've spent time training 150 separate emergency response organizations along that system. And this kind of communication will continue long after the project is done.

The same reaction, which led to permit delays on Line 9 is certainly the case in Minnesota with Sandpiper. Even though we've secured all of the required approvals in North Dakota and close to 100% of the right-of-way, and close to 90% of the -- and over 90% of the lands required in Minnesota, the regulator there three years ago reversed -- sorry, three weeks ago reversed a decision it took earlier this spring denying opponents' motions to extend the process as well as to bifurcate or decouple the route and need processes of the review. Moreover, it required that these processes be conducted one after the other rather than in parallel.

And then furthermore, asked that six alternative routes proposed by third parties be evaluated. So the net effect of this is that this process is going to push us into -- in 2017. And this reflects a continuing pattern that we're seeing across North America where regulators are lengthening their processes to ensure that their conduct and their ultimate decisions can withstand legal scrutiny. That said, we've been operating in Minnesota for over 65 years. And the demand from regional refineries is strong as is our commitment to operating that pipeline safely and being a leader in emergency response.

The Line 3 replacement project announced this spring is the largest project we've undertaken. And to ensure success, we've replicated the teams, the US and Canadian teams, that delivered Alberta Clipper in April of 2010 on budget and -- or, sorry, on time and under budget. And both of these teams understand the risks involved in large-scale projects and they are very well-equipped to manage them.

Today, we're in the planning phase for the project, detailed underway, detailed engineering just got underway. We're in the field conducting surveys and land acquisition is ahead of plan. And each step that we take at this very early stage is incorporating all of the lessons that we learned five years ago in building Clipper. And then moreover, we have a number of people consulting along the line on both sides of the border to make sure that we take the feedback early and incorporate it into our execution plans.



On the supply chain front, we'll use our pipe frame agreement to secure space at the best mills. We've locked up construction contractors in Canada and are close to doing the same in the US and so this supply chain strategy will enable us to achieve predictability and safety and quality as well as productivity, further reinforcing our confidence.

I want to finish with Flanagan South here because it's current and it's very representative of the challenges industry is facing in terms of advancing energy infrastructure. Today, the line is complete with line fill to commence in early November. Overall, construction efficiency and quality was first-rate and this was highlighted by the Mississippi River Crossing, which in September, set a record for the world's longest 36-inch pipe drilled beneath a river at over 1.5 miles. And then the 590-mile mainline was completed with a weld repair rate of less than 2%, which is half that of the industry average, certainly representing high-quality craftsmanship on that job and that 2% is a target we are achieving on all of our other jobs.

Flanagan South also clearly illustrates how opposition can influence the permitting process, which translates directly into delays and cost pressure. So even though in February of this year, the court forcefully denied an injunction brought about by the opponents, it took that court almost a full year to rule on assertions that the US Federal Government hadn't properly permitted the line. And so it's during this intervening period where the cycle slowed down and allowed or took us a year to approve the last 3% of the line. The pipeline crosses four states and 109 municipalities and require the involvement of four federal and nine state and nine municipal agencies, resulting in over 700 permits and over 50 separate authorizations.

There is no single window in the US to approve a pipeline. There were three primes, the US Army Corps of Engineers, who regulate wetland and water bodies, US Fish and Wildlife, who assessed the implications of threatened and endangered species and then the Bureau of Indian Affairs, the BIA, who attend to native American land matters. And navigating through this process required four separate applications, just to the four core engineers district offices, which took quite a long time. And then each of those applications required lengthy review by Fish and Wildlife. By Q3 of 2013, we'd secured most of their required approvals and 97% of the pipeline route was permitted in September 2013.

So we began construction, knowing that these remaining approvals were imminent. These included 13 miles in Oklahoma, along BIA-administered land permits across beneath of the Mississippi and Arkansas Rivers. So in total, this resulted in 15 miles out of now 593-mile pipeline still to be approved. And in our industry, we call this the last mile problem. It took us about a year to get that very small portion of the project approved.

And it took this long because in the face of legal action, the agencies who had to process these permits took extraordinary precaution in their consultation, in their decision records and in their legal review. And in fact, they involve the US Department of Justice who is representing all of these agencies in the lawsuit to review all of their decisions and all of their draft applications to make sure that they would withstand legal scrutiny.

For our part, our open and frequent communication with all of those agencies, providing them data, as well as letting other agencies know what we were providing to others, helped offices in the field, in the state and in Washington DC, so that all of those offices could coordinate their work. And so our approach, which kept matters out of the spotlight while ensuring that the agencies had all of the information they needed to do their job, proved very effective. As the court said in February, Enbridge went beyond expectations in its application.

Moreover, we employed 200 members of the Osage tribe who reside along the BIA-administered lands in Oklahoma and we earned their continued support. So we delivered on all of our obligations, and Enbridge's efforts paid off. We received all of the required permits of this summer enabling completion of those miles along the BIA tracks and then the two river crossings, which completed just three weeks ago.

So as this example shows, it's not enough just to meet expectations. We believe we were successful for a few reasons. The first, we understood the pressure that regulators are under to get it right, given the significant heat that they take from opponents, from the public and several politicians. Increasingly, politicians are taking regulators on. We understood that we needed to listen and provide all the information these agencies required to make their decisions and issue those approvals. And then we know that we had to be constantly on the ground in the communities, not only listening and providing our plans, but once we're able to do that, to seek their support. And so in the months and the years ahead, we'll replicate and improve upon that this approach wherever we're building.

So to sum up, execution is in Enbridge's DNA and certainly, we can demonstrate how our core competencies drive successful outcomes. We've already delivered 40 of them at \$20 billion, and we apply learnings from each of them to do better on the next, and so it's with confidence in these strengths that will continue our successful track record.



So with that quick run-through, I appreciate your attention and would take any questions.

Steven Paget - *FirstEnergy Capital - Analyst*

Byron, thank you. Steven Paget, FirstEnergy. After construction of these projects, do you ever follow up with the local communities post-construction to get feedback, and what worked, what didn't work, what surprised them, how do they feel? Maybe they're saying, it's not as bad as we thought and what kind of results did you get?

Byron Neiles - *Enbridge, Inc. - SVP - Major Projects*

We do hold ongoing public consultation, my Major Projects group. But there is a handoff once those systems are commissioned to operation and one of Guy's major strategic objectives for Liquids Pipelines, for example, is to improve and increase the ongoing communication with those stakeholders in between projects. We understand that we need to learn these lessons, apply and test our ideas with those most influential stakeholders and, of course, land owners, we communicate with the operating company does on an ongoing basis.

So a very good continual feedback loop that informs the next projects that we undertake as well as the way that the operating company relates with its stakeholders.

Steven Paget - *FirstEnergy Capital - Analyst*

Thank you.

Byron Neiles - *Enbridge, Inc. - SVP - Major Projects*

Andrew?

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. Could you just give us color on your expectations for labor costs and also productivity of that labor and maybe compare it to the past cycle where in 2005 to 2007, things did get out of hand and really the products declined dramatically through almost everybody across the industry?

Byron Neiles - *Enbridge, Inc. - SVP - Major Projects*

Yes, so we're seeing roughly between 4% or 5% escalation per year. It's more pronounced in the oil sands region and in the Gulf and US plains, that's manageable. In micro markets, in both the Bakken and Northern Alberta, we're seeing, for example, welding rates increase from 2012, for example, by 40%.

And so what I would say is that I'm not concerned about materials. Escalation, those continue to remain stable. And there are pockets, pockets of certain types of skilled labor where we're seeing significant escalation. That said, from a supply chain perspective, we saw this coming. And so that is why we moved very early, first, on materials and second, on labor to lock in base lay prices and unit prices, with some adjustments for escalations. So I think the bottom line is, we have a very good handle on predicting the cost for our projects.



Andrew Kuske - *Credit Suisse - Analyst*

This is a follow-up on the productivity side of it. No deterioration in productivity. And you mentioned earlier on 2% repair rate on the line, so you're holding steady.

Byron Neiles - *Enbridge, Inc. - SVP - Major Projects*

Yes. We're holding very steady. And again, coming back to the supply chain strategy, by getting past the three bid and a buy, where you never know who you're going to get other than a low bidder, our strategy is -- has been to lock up the best labor so that we can predict repeatedly the types of productivity, quality and safety outcomes that we're going to get along with a very good sense of the predictable pricing outcomes. Then we were the first in this industry to do that.

Great. Well it's now time for the break.

(Break)

presentation

C. Gregory Harper - *Enbridge, Inc. - President - Gas Pipelines and Processing*

All right. We're going to get started. All right. Well, with Al and Guy cooking up some gourmet dinners up north of the border, I'm a -- I grew up in Lafayette, Louisiana for about 10 years. That's the heart of Acadiana. I don't know if you all knew that, but that's where we cook gumbo. And Gumbo's not that easy to cook, because, first, you have to catch the alligator and then you try not to burn the roux. So it's a very difficult food to fix. So we're not quite gourmet. It is kind of what we got to in the gas business, kind of got this eclectic group of assets, but there's some good cooking there.

And what a great opportunity to be here with natural gas and natural gas liquid's exceptional near-term growth profiles. It's exciting to help lead the charge on the next generation of Enbridge's growth.

There are several things I'd like for you to take away today: first, you'll see that there's substantial need for natural gas infrastructure based on strong fundamentals; second, that we're well positioned to capture our fair share of opportunities around our four core areas; and third, for large-scale opportunities, our track record, and that's Byron's record, on project execution and operation provides us a competitive advantage on projects; and finally, that in the midstream area, Enbridge has the scope and business breadth, along with a strong financial underpinning, to pursue key strategic platform opportunities.

Our current platform is -- consists of four areas, Canadian midstream, interstate pipelines, offshore and US G&P, and all are well positioned to capitalize on growth in select regions. Each platform will have its own growth strategies to capture our share of infrastructure requirements, and that opportunities around these assets in the industry in general are driven by favorable energy fundamentals.

In a minute, I will briefly touch on each business segment and their opportunities and strategic objectives. However, first, let me recap key drivers impacting energy fundamentals, particularly natural gas and NGLs.

The shale revolution is expected to continue to drive gas resources in North America. That's an understatement. Gas-intensive industries have benefited from the relatively low gas prices over the last several years as has gas-fired power generation. As a result of expected low-cost gas supplies going well into the future, dozens of new and expanded industrial facilities are planned or already under construction, including several petrochemical facilities along the US Gulf Coast, which will also take advantage of low-cost ethane supplies.

In addition, environmental regulations are expected to accelerate the retirement of several coal-burning fire plants, primarily in the Southeast and Midwest, which will lead to increase gas-fired power generation. And in Canada, we continue to see increasing gas demands for oil sands development.



To date, numerous infrastructure projects in the US Northeast have enabled higher production from Marcellus Shale and emerging Utica plays. As a matter of fact, Northeast production levels in July exceeded an outstanding 15 Bcf per day. Let me put that in perspective, in 2010, that same region produced 1.3 Bcf a day, so very astounding. That should go to 18, 20s, the projection. Further infrastructure build-out over the coming years is expected to result in continued production growth in the Northeast. Across several other basins, associated gas production also continues to grow as producers remain focused on oil and NGL-directed drilling. Activities continue to expand in the prolific Bakken and Eagle Ford plays. There's also renewed interest in the Permian Basin as producers exploit multiple-stacked shell-typed sand zones with directional drilling. I think that's reemphasized by Encana's large announcement yesterday.

In the Western Continental Sedimentary Basin, gas drilling this summer reached its highest level in five years. Two factors appear to be driving increased activity. First is the value uplift from NGLs, as mentioned before in the presentations. The second is delineation of resources for potential LNG projects.

The Montney tight sand gas play has benefited from both these factors. A joint federal and provincial government study in 2013 estimated the marketable resources to be almost 450 Tcf of natural gas. That's similar size, if not rivals the Marcellus, and that comes along with 15 billion barrels of natural gas liquids. The Montney ranks as one of the most competitive plays in North America. And emerging Duvernay play, well, it has been assessed at nearly 2/3 the size of the Montney.

Beyond these emerging plays in the Western Canada, producers have been successfully exploiting conventional liquids-rich resources in the Deep Basin. Then there is the massive, yet dry, Horn River play, which will require stimulus from LNG exports. It is more costly to develop.

On its own, the growing Northeast gas production has fundamentally realigned the traditional gas flow patterns across North America. Imports from Canada into the Northeast have largely been eliminated, and Gulf Coast flows have mostly been curtailed. Further Northeast production increases are expected to push gas closer deeper south, and Mid-Continent and Gulf Coast productions will be absorbed in local markets or pulled south to supply industrial demand growth on the Gulf Coast, gas-fired power generation, LNG exports and even exports to Mexico we're seeing. Western Canada flows, particularly on Alliance Pipeline, is expected to be maintained as producers will increasingly require export solutions for growing NGL-rich production. And finally, gas is expected to eventually flow west to supply BC LNG exports, however, probably not until after 2021 from this point of view.

As discussed earlier, the focus on NGL-rich and crude plays has had a large impact on natural gas production location and transportation pathing. The relatively strong crude-to-gas price ratio is expected to continue into the future, which will sustain NGL supply growth. Unlike natural gas, each component of the NGL barrel is subject to its own unique market dynamics.

As far as ethane, the largest market by far for ethane is the US Gulf Coast. This market will grow significantly over the next several years as pet chems have several expansion projects underway to take advantage of the abundant low-cost supply, which makes Gulf Coast polyethylene one of the most competitive sources in the world. Currently, ethane prices are low due to oversupply, which has actually resulted in reinjection of ethane back into the natural gas stream in many of the supplier regions.

Propane and butane supplies have also increased. However, increasing waterborne exports are expected to support prices as supplies continue to grow and expectations for record corn harvest this year will draw on incremental propane supplies for crop drying.

Natural gasoline and condensate production, particularly from the Eagle Ford and Permian, has flooded the US Gulf Coast, where refiners have actually limited capabilities to refine that product. As a result, US supplies are increasingly being shipped north diluents for oil sands production. Also, most recently, producers have been successful in having their condensate classified as refined enable to export to premium offshore markets. In Western Canada, producers continue to focus on liquids-rich gas plays, Montney, Duvernay and Deep Basin, and new market exit points will be required.

So this robust outlook for natural gas NGLs will require significant investment over the next several years in both Canada and the US. As pictured here on the left, IHS issued a report in late 2013 that estimated an annual investment of between \$80 billion and \$100 billion will be required out to 2025 in both natural gas and crude oil infrastructure in the United States.



The chart on the right illustrates the results of an INGAA-commissioned study that was completed earlier this year that indicates Canada will require over \$65 billion of natural gas, NGL and LNG infrastructure between now and 2035. The infrastructure requirements on both sides of the border will be similar, gathering lines, compression, treating, processing, storage, transmission as well as rail facilities, quite a supply of opportunities.

So like I said, the opportunity set is quite large, and each of our gas pipelines and processing business platforms have clear lines of sight on capturing their share of those opportunities. Those opportunities come in many forms: bolt-on projects from or within an existing footprint; new greenfield projects that link significant supplies with growing markets; and finally, the ability to launch into new prolific basins on our own, via joint ventures or through strategic acquisitions, all of which would provide midstream value chain solutions for our customers.

In order to execute on these opportunities, I made some recent additions and other changes to my leadership team. With the addition of Dave Weathers and Brad Reese, I've expanded our industry commercial expertise and capability to more aggressively advance business development initiatives on both sides of the border, and these gentlemen are proven commodities. We also realigned reporting responsibilities directly to me in order to ensure a focus on key operating and ongoing commercial initiatives. I want these people focused on the responsibilities of delivering commercial value on existing asset base and let our business development people go out and find the new deals.

Now let's take a look at each of our business segments at Gas Pipelines and Processing. In Canada, we have secured an initial position with the Pipestone Sexsmith assets in the Peace River Arch region of Northwest Alta and a cabin facility in Horn River. We will look to leverage our low-cost and risk -- and low-risk business model. And unlike our competitors, we don't compete with producers for commodity value, so -- but we do offer marketing and other producer services solutions. More specifically, we've been selected to form a feed study, and we'll be targeting producer customers to anchor a new large-scale gathering and processing infrastructure in the liquids-rich Montney Shale play, where economies of scale are needed in order to -- in those remote areas to generate competitive commercial terms.

We're also leveraging our Major Projects capabilities and are developing new modular processing train concepts in order to reduce cost of capital as well as reduce the construction timelines on these projects. Our intent is to extend the reach and capacity utilization of our current Pipestone Sexsmith system, and we'll look to increase the scope and capabilities of the overall Canadian midstream business by developing new logistics projects to provide market access for the growing NGL production.

With regards to Alliance and Aux Sable, these assets are well positioned to provide market access for growing gas and NGL production from Western Canada. In fact, other than some propane delivered to eastern markets on the Enbridge Line 1, Alliance is the major export pipeline for NGLs in Western Canada. Takeaway capacity will be critical as liquids-rich gas production increases, particularly in the Montney and Duvernay, and approximately 1/3 of Western Canadian production growth is within 25 miles of the Alliance system.

Aux Sable is enticing producers with rich gas premium contracts, beneficial to producers as they avoid large investments and deep cut field extraction facilities. And the Aux Sable solution also provides producers access to premium and growing US markets for NGLs, particularly in the US Gulf Coast.

Recently, Alliance filed with the NEB for its post-2015 services, and we expect the decision early in 2015 on that filing. On that note, Alliance filed with -- on that note, Alliance re-contracting efforts are well underway for post 2015 and are proceeding favorably. When we hit or exceed our contracting targets, we will probably be looking at expanding the fractionation capacity at Aux Sable plant to handle the growing NGL content of that Alliance gas stream.

With growing Canadian gas production and in anticipation of LNG exports and focus on liquids-rich plays, we see the basis differential between ECHO and Chicago widening over time, increasing the value of the gas transport on Alliance.

In addition, Vector is expected to play a key role in delivering Western Canadian-sourced gas and Northeast gas production to the Great Lakes region. The Vector system is highly utilized for the winter season, both supplying Eastern markets and Midwest markets as the polar vortex create a significant regional gas shortages. We see great things coming from Vector in the near future with substantial Marcellus and Utica plays as well.



Offshore. Our offshore assets are well positioned to continue to develop growth projects for both gas and oil delivery. Major key players have refocused efforts over the last several years on ultra-deep oil prospects. With those prospects, associated gas needs to be brought to market, and we can leverage our current offshore system to do that. We also provide oil pipeline design, construction and operating expertise. We know that strong execution capabilities is critical to the majors in this space.

We've been successful to date on our Big Foot and oil -- oil pipeline and Walker Ridge gas development with Chevron. In fact, the Chevron deal represent the first project in our more stable, commercial model, fixed return of and on capital with potential upside should volumes exceed expectations. As far as the potential, you can see from this slide, deepwater and ultra-deep crude production is competitive with other global supply regions and offers ample opportunity for us going forward.

North America presents a plethora of opportunities to pursue large greenfield projects, and each of our regions are uniquely -- have unique opportunities to either, within the region, to connect supply to major headers and/or just to take the supply to new markets, so lots of greenfield opportunities across the various basins. And even Alaska, there's a potential for a very large project. Indeed, we're in exclusive negotiations to become the owner, builder and operator of an in-state pipeline if Alaska choose to build that pipeline. And LNG projects, given the size and development resources required, lend themselves to partnerships. And we believe they provide an entry for Enbridge with our strong financial position and project execution capabilities, and we're pursuing these opportunities on both sides of the border.

Our US midstream assets are positioned well to benefit from dry gas production and wet gas windows. Our scope of business capabilities exposes us to opportunities across the value chain from the wellhead, not just gathering from pipeline but also from trucking, to treating, processing, transportation and marketing of both natural gas and natural gas liquids.

In concert with our pursuit of large-scale projects across the US, my new business development team is actively pursuing gathering opportunities outside of our footprint in prolific basins such as the Marcellus, the Permian and Bakken, where Enbridge already is -- has a strong presence. And as important, we have a new currency work with the Midcoast Energy Partners, as I mentioned earlier.

And speaking of MEP, one of our key initiatives is to improve that currency by transforming the underlying stability of those cash flows as we add new business. We can't change the profile overnight, but as we bring in new deals, we'll be looking to add more certainty with volume commitments, organic return of capital and on capital.

So clearly, the fundamentals of natural gas and NGLs set the industry up with sustainable opportunities. We, at Enbridge, are poised to leverage our footprint, performance capabilities and our financial strength to create sustainable growth for investors.

And with that, I'll look forward to taking your questions.

Linda Ezergailis - TD Securities - Analyst

Linda Ezergailis, TD Securities. Greg, I've got a -- right here.

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

There you are.

Linda Ezergailis - TD Securities - Analyst

I've got a question about Slide 13. A while back, you had an MOU with some US partners to bring gas, unconventional US gas into Ontario. I believe that MOU has expired. I'm just wondering what the status is of your interest in that and how you might work in the future with partners to ensure that MOU don't expire before something happens.



C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Well, that -- you're talking about NEXUS, and that was the MOU that was with Spectra and DTE. The MOU expired on its own with all the partners. We are still in negotiations with DTE and Specter to still be a part of that project. NEXUS is also a good feeder project for Vector incremental expansions as well. So we have a benefit from that project.

I think when I first got here at Enbridge, I wanted teams to be focused on what they had in front of them, they're actively working on. And to me, getting Vector re-contracted prior to an expansion was very, very important, and I think that's what's going on right now. We had a good winter, take advantage of that winter and then we can pursue the other incremental opportunities coming into it.

So we're still in negotiation, I'll say, with those two partners. I think they'd like to have us in. And I think if NEXUS is a go project, I would look forward to being part of it. Yes?

Steven Paget - FirstEnergy Capital - Analyst

Steven Paget, First Energy. When might you have clarity on the possible expansion of Aux Sable fractionation?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Good question. Yes, we're not giving any contract specifics on where we stand. You can say there are contracting efforts with the -- rich gas premium contracts have been very ahead of schedule. So I think by middle of next year or so, we should have a good clear line of sight on what's going to go on at Aux Sable. But, we feel very comfortable about where we're contracting, the contracting levels and type of contracts we're getting. It's a -- I think the team put together a great strategy, and it's executing quite well.

Steven Paget - FirstEnergy Capital - Analyst

So you might say that Alliance is actually full or nearly full of liquids even post 2015?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

I wouldn't say it'd be full of liquids. I'd say it will be at its appropriate level of liquids capacity.

Steven Paget - FirstEnergy Capital - Analyst

Like all of the -- I suppose that's what I meant. It's operating at its maximum liquids rate.

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Yes.

Steven Paget - FirstEnergy Capital - Analyst

Second question, could you please comment on -- further on the exclusive negotiations to own the Trans-Alaskan line?



C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Sure. That's interstate pipeline Alaska. The Alaskan Development Gas Corporation had an ongoing process with several other pipeline entities. They selected us. I think it was back in April. This is part of their public record. Those negotiations are confidential. I would say that the deal, though, that we struck with them, if it were to be built, would be very similar to our offshore arrangements from a contracting perspective and risk perspective.

So it's our job to work with the state of Alaska to determine whether that pipeline is feasible. It's not competing against the other pipeline. It's -- they have two options, and they'll choose their options. And what we want to do is make sure we're the service provider that helps them understand what the in-state option looks like, whether it's economic or not.

Steven Paget - FirstEnergy Capital - Analyst

Thank you.

David Noseworthy - CIBC World Markets, Inc. - Analyst

David Noseworthy with the CIBC. Maybe I can just ask you -- first, a quick question on your NGL market access opportunity. Can you expand on what you're looking at there? Is this intra-Alberta? Is this from Alberta to various markets? And are you looking North America or international?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Yes. So not international, I'll throw that one out first, but I would say -- Brad is putting together -- Brad Reese, I just brought in. Brad had a tenure with, at the time, Duke Energy, now Spectra in Canada in Calgary, but he's putting together our business plan for the NGL exit strategies. I think that NGLs have to be exported. I think creating some top export solution is got to be on the table, and I don't think we'll do that on our own, but some type of partnership will be neat.

But I think, yes, the NGLs getting more obviously to Aux Sable, it will benefit the customers, producers, but having other alternatives besides just intra-Canada is going to be very important.

David Noseworthy - CIBC World Markets, Inc. - Analyst

Maybe just to follow up on that. You've mentioned maybe in collaboration with Alliance and Aux Sable, how do you think about your lack of operating control over those two assets? And how did that impact your ability to integrate these assets with your other midstream opportunities and plans?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

That's a very good question. I think there's kind of a ring fence of opportunities where Alliance, Aux Sable has a -- the partners have agreed to a certain level of investment that we would consider, and anything outside or above that, we would do on our own or pursue on our own or with others. So it's not that difficult to manage.

The Alliance partnership was created many moons ago when there was probably eight cats to herd. Now there's only two on the Canadian side and three with Aux Sable, so -- and Alliance -- two on the Alliance US side. But I think there's probably -- along with our rate case, and NEB be proceeding, there's the opportunity that we're going to have to go in and figure out that operating model and maybe come up with a better, more efficient operating model going forward. And I know our partners are very interested in doing that as well.

David Noseworthy - *CIBC World Markets, Inc. - Analyst*

Thank you.

C. Gregory Harper - *Enbridge, Inc. - President - Gas Pipelines and Processing*

Yes?

Robert Catellier - *GMP Securities L.P. - Analyst*

Rob Catellier from GMP Securities. I was wondering if you could touch on the LNG situation in Canada. Specifically, what do you think the governments of BC and Canada need to do to ensure some of those LNG projects move forward? And if you could address both taxation policy and other policies that they can invoke to interest some cost certainty on the labor side.

C. Gregory Harper - *Enbridge, Inc. - President - Gas Pipelines and Processing*

I'd defer the global answer to Al when he comes back at the closing on taxation and other policies. I would say to me, one of the best solutions that could happen for LNG exports is for actually the LNG companies are looking to build the [potential] facilities to have some type of coming together and forming joint ventures. I think everybody sees that five to six LNG facilities along the West Coast aren't going to get build. So some type of consolidation on projects would, I think, make a lot of sense. So that'd be my piece on that. Yes?

Linda Ezergailis - *TD Securities - Analyst*

I was interested to hear your views on requiring more LNG export out of Western Canada. I'm assuming your view is informed somewhat by an outlook and an expectation of how the petrochemical industry develops in Western Canada. And can you make some comment about whether your outlook include some assumptions about PDH capacity and other petrochemical initiative that might soak up some of that local demand?

C. Gregory Harper - *Enbridge, Inc. - President - Gas Pipelines and Processing*

Yes. I believe we will see some sort of increased market for petrochemicals in Alberta area. I think I mentioned it on our cabin facility that it really does take, I think, the LNG exports to drive that production up in that play in the Horn River. And the more associated gas that gets developed with these oil productions across the US, more gas coming south is not - as we're already seeing those flows just don't make sense. So I think LNG exports is critical to Canada and the ability to develop its resource.

Carl?

Carl Kirst - *BMO Capital Markets U.S. - Analyst*

So thinking about Al's slide in the beginning as far as trying to increase the percentage coming from gas and looking at the range of things you're seeing, I would think just from a moving the needle standpoint, there's almost -- I don't want to call it a preference, because everything has risk-adjusted returns, but looking at big inch pipe or LNG and things that are more needle moving than one or two trains on the processing side, right.

So one of the other aspects that you noted was maybe trying to get into more other platforms, new prolific basins. Can you tell us where or rank order? We're talking about pennies last night. But where do you think you might see an organic opportunity for ENB to build, perhaps, new big inch pipeline?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Sure, sure. Well, I think NEXUS project will be nice one to get back into, for sure, as we mentioned. I think, though, from basins, prolific basins that what I rank them and target them on, their economic sustainability for the producers and also where we may have a competitive already, maybe hidden advantage. Bakken is neat, a lot of opportunities there, not just from what's going on with limited crude gathering pipelines, but ability -- what's going to happen with gas and the producers getting their permits now. They have to have a solution for gas.

So I think the Bakken is a key area that I'd like to participate in. Marcellus is a prolific area. I think there are still substantial assets in the Bakken that are producer-managed, that probably as producers get further in their development, again, they want to put more of their capital towards the drill bit as they get to that proven-out phase. The Permian is quite attractive, right next to our footprint, existing footprint in Anadarko.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Permian on the gas side?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Permian from the gas liquids, yes, gas liquids. And I think there's also producers looking for full solutions and -- in the Permian as well, from associated gas to crude gathering as well, so crude, small crude gathering, NGLs as well gas takeaway.

Yes?

Robert Kwan - RBC Capital Markets - Analyst

Robert Kwan, RBC. A lot of the focus on growth is some of the greenfield initiatives, and you mentioned bolt-on acquisitions. But I'm just wondering and framing this in light of the valuations that are out there for larger packages or corporate packages, what's the appetite for a larger strategic acquisition, maybe, one, where you can acquire a footprint that in and of itself could drive organic growth project in that 10% to 12% Enbridge-target EPS range?

C. Gregory Harper - Enbridge, Inc. - President - Gas Pipelines and Processing

Vern is here, and I'd love to see Vern do a corporate deal that includes some sizeable gas package, but that's going to be up to Vern and AI and their strategic initiative. I think you're right is from the gas pipeline and processing footprint in the US, Texas-centric is not going to drive that type of growth. So yes, I think we would have to step out a little bit and create a platform, and -- but I think those platforms are available to us. I think they're going to be out there.

AI, do you want to--

AI Monaco - Enbridge, Inc. - CEO

Maybe just to add onto that, I think we described some of the challenges we normally face with these large strategic acquisitions. I think that the trick is to identify the synergies with a greater degree of clarity. And I don't just mean cost synergies with M&A type opportunities. It's really about the revenue line and trying to get some transparency into what the growth opportunity is going to be.

So I think that's really the nut you have to crack when you're looking at these large scale opportunities. So I think focusing on the synergies is what I'd say and making sure we have transparency on that. There was another question earlier about LNG, and I think to me, it's really all about the



competitiveness of LNG on the West Coast. And there's a few elements on that, certainly, the certainty of the fiscal regime, which I think is coming to fruition here over the next month or so. The overall comment I'd make on that is we're hopeful that in Western Canada, in order to be competitive, that the provinces, and particularly BC in this case, is looking at the entire picture.

And what I mean by that is there's a heck of a lot of drilling that's got to take place in order to prove up the reserves that will support LNG and proponent's ability to finance those \$20 billion, \$25 billion project. So hopefully, there's a bigger-picture approach being taken into what the true economic outcome is and value is to the province.

And then I would say, certainly, the timing is an issue. I think most people would agree that Western Canada's a little bit behind, certainly, the Gulf Coast in terms of LNG exportability and it'll be trying to manage these fiscal issues and get to the competitiveness in a timely fashion here so that we can capitalize on that market window.

Robert Kwan - *RBC Capital Markets - Analyst*

Al, if I could just follow up on your answer on M&A. And I think it's what you're getting at, but I just wanted to confirm it. When you're looking at the larger acquisitions, in the past, you've talked about wanting that acquisition to be accretive immediately but also accretive over time, i.e., whatever your buying needs to generate these opportunities to grow the earnings at least at the 10 to 12, if not faster. Is that still the case as you look at, especially on the gas side, trying to integrate if you found a larger footprint?

Al Monaco - *Enbridge, Inc. - CEO*

Yes. Usually there's the two criteria. We'd want it to be EPS accretive initially. That might be difficult to do. I think the other thing that's likely more important in the longer run here is making sure that it's going to be value accretive, and that's where the synergies come in and our ability to identify those both on the cost side and the revenue line.

And the reality is after you end up paying a premium for something, it really detracts from value. So we want to make sure that it's not only EPS accretive, that it's value accretive and that, importantly, it's not growth dilutive. And as I said earlier, when you're laying on top a big potential acquisition on a base that's already growing at a very rapid rate, what you don't want to do is bring down that growth outlook because, ultimately, that's going to affect our valuation.

C. Gregory Harper - *Enbridge, Inc. - President - Gas Pipelines and Processing*

All right. Thank you, Al. I would say on -- from our focus, when we look at deals, it's -- we don't look at deals on silo. We want to make sure that, that deal is a launching pad for other. You just don't want to do a one-off that provides no long-term optionality with other deals to be attached to it. And those you have to weed through, kind of kiss a lot of frogs, as they say.

All right. No more questions? Then Mr. Beaumont, Glenn's going to come up.

presentation

Glenn Beaumont - *Enbridge, Inc. - President - Enbridge Gas Distribution*

Thank you, Greg. I'm glad you're all still with us because here comes the really exciting stuff now.

So it is a pleasure to be here. Since I became President of Enbridge Gas Distribution almost a year ago to the day, we've continued to see steady progress with some very significant milestones being passed.



So today, I'd like to summarize that progress, the plan covering our strong business fundamentals, including the continued competitive position of the fuel that we deliver, even with that widely reported 40% increase following Ontario's coldest winter in 37 years. And for those of you that are here who count yourselves among our customers, you're going to see a reduction in that rate very shortly. So it's starting to turn the corner.

So no doubt in part due to that competitive advantage, we continue to connect customers at a rate that I suspect that some of our fellow North American gas utilities would actually envy and also talk about our recently approved custom incentive regulation plan, which provides stability and, importantly, allows for the necessary capital investments in our distribution system. And since our last Enbridge Day, our GTA project has also been approved, and I'll discuss its importance to our system and customers as well as the importance of appropriate interconnections to nearby and planned transmission infrastructure.

And finally, I'll also cover a little bit of an update on some future plans, particularly around natural gas supply and storage, as well as talk about some things that are going on -- in our industry outside of our business that are actually very relevant to our customers.

So here's a closer look at our fundamentals. Natural gas continues to enjoy a very strong competitive position compared to other home and water-heating fuels. Even after that cold peak I mentioned, our residential customers continue to enjoy savings of more than \$2,000 a year on a typical customer compared to those using heating oil or electricity. And as I said, that's going to get a little bit better tomorrow when you're going to see natural gas costs come down even more.

With respect to housing starts, they have slowed marginally from last year. However, our annual additions continue to increase by 35,000, on average, a year, which is still very substantial.

And as I said, this summer, our regulator, the Ontario Energy Board, issued its decision on our custom incentive regulation plan, which, on the whole, we believe is really fair and balanced. And although some call this new five-year plan IR 2, it is different than our previous incentive model. It's the first custom incentive regulation model approved in the province, and it will carry our planning through to 2018. So in our opinion, it allows for investor stability with that ability to earn some upside. And as I said, importantly, it also allows the necessary capital investments critical to the safety and reliability that our customers depend on.

And that's particularly important for us, because in addition to implementing some major planned investments in the short term to meet our customers' needs, we're also having to deal with significant distribution pipeline relocations due to the large infrastructure spending that's going on in the communities we serve. And so you think about Toronto, that includes a lot of the work related to the Pan-Am games and various significant transit expansion.

And under that new IR plan, the OEB will reset the following years' ROE based on a formula every year, and primarily that's an interest rate-related exercise. But I can tell you, we were very pleased with that aspect of the decision as we do forecast that our ROE to rise and climb during the IR term. And of course, a very relevant piece of this is how much upside we can earn under the plan, and certainly, we can absolutely do better under custom IR. However, one of the things that was part of that decision is that earning sharing does kick in immediately above that calculated allowed ROE. So that plan is set based on a set of OEB-approved forecast. And if our expenses are less than approved forecast, the company obviously does better, and the same holds true if we -- the company can generate more utility revenues, then we're included in that approved forecasts.

Now as I said, importantly though, the decision does allow for increased investments in both system reliability and system integrity that are really integral to the safety and reliability of our system, including investments in our asset management capabilities. And we maintain efforts on many fronts to continually improve in other areas of safety and reliability as well, and that includes ongoing education and supporting safety regulation improvements to further reduce damages by third parties, which, for us, represents the most significant threat and cause of incidents in our system.

Now with respect to the GTA project, that does represent our most significant near-term investment. And following the regulatory approval in January, plans are on target for construction to begin this year, led by Byron's Major Projects group. And that important project will provide increased capacity and reliability for the customers in the GTA as well as additional supply basin optionality.



So specifically, the GTA project will continue -- contribute to greater flexibility and access to lower natural gas supplies in the US Northeast, including Marcellus. And while we continue to source supplies from the Western Canadian Sedimentary Basin, the GTA project will allow diversification and increased supplies from newer supply basins. And for our customers, this also allows us to optimize transport of natural gas, which, in effect, reduces the distance from supplies. That will have significant economic benefits, and it will be particularly important in the winter, obviously.

So throughout our utility's more than 165-year history adapting to meet the needs of our customers has been central to our longevity, and we see an opportunity now to increase utility storage, development and use. We currently have access to about 132 Bcf of storage in total, including regulated, unregulated and storage rented in the market. And that utility storage meets about 40% of our winter demand of our customers.

And following last year's winter, which as I said was the coldest in 37 years in Ontario, customers in our franchise and elsewhere in North America saw higher natural gas prices. So we're in the process of looking at updating our Ontario Energy Board-approved gas supply plan to include more -- storing more natural gas than the plan currently considers. And that's not something that's just we're interested in looking. It's also of interest to the regulator because it could further protect customers in very cold winters, and it obviously would like to require additional storage development within the utility.

And one of the last things I wanted to talk about is in addition to looking at opportunities to increase access to new basins and more storage, we also have a role to play working to ensure that the needs of our customers continue to be met in light of some of the other proposed changes that are going to take place in the industry, and this obviously refers to Energy East. And while we understand TransCanada's interest in the oil conversion strategy, our interest, which is from the utility's point of view, is really centered on the importance that its solution ensures that the required current transportation capacity and access to natural gas by Eastern customers is accommodated without increased costs or risks. So that continue -- this continued capacity to access really is critical to all of our customers, our residential customers as well as, we believe, the economic competitiveness of the broader Ontario energy economy and industrial customers in the province, in particular.

So in summary, we continue to build on the strong fundamentals and move forward on a first-of-its-kind custom incentive regulation plan, which provides stability and ability to make the required investments. Our GTA project is on track to deliver increased flexibility, reliability and access to additional supply basins over the next year. And finally, we continue to advance gas supply and storage strategies to benefit customers while also advocating in -- on their interest and other forms.

So with that quick summary, thank you very much, and I'd be pleased to take any questions people may have.

Winfried Fruehauf - *W. Fruehauf Consulting Ltd. - Analyst*

I've heard very little today about Enbridge's involvement in NGV, especially the trucking industry. When I look at the United States, there is a concerted effort to promote NGV and one of the leading companies is Questar, which is building refueling stations all over Southern and Central United States. So what is Enbridge doing sitting at the crossroads between Western and Eastern Canada and close to the Ambassador Bridge, even though it's outside its distribution franchise?

Glenn Beaumont - *Enbridge, Inc. - President - Enbridge Gas Distribution*

Yes. So I mentioned one of the ways that we can do better is through that top line increase in revenues. And certainly, when we put together our plans, we examined all kinds of things. We kind of have three main ones that we're going on. One is I've talked about some of the storage development, one is things like CHP opportunities and the third is the use of gas and transportation, whether it's LNG or CNG. So we have a team working on whether we can put together a plan to grow that business over the next little while.



Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. So to what degree can you use EGD under a prudency review or just the utility itself to really anchor a pipeline coming in from the Marcellus to Utica? It ties into the NEXUS questions previously, but you think you can survive a prudency review and really have as a rate base construct outside of the jurisdiction and draw it in.

Glenn Beaumont - *Enbridge, Inc. - President - Enbridge Gas Distribution*

Yes. Well, the issue was something that particularly has an Enbridge interest in it. It's a question, right? I mean, we -- it's an -- almost higher hurdle to pass. I can tell you that the way we go about it is absolutely from the perspective of the utility without consideration of the ownership of that pipeline, because it's the only way we will survive a prudency review.

So do I think that's possible? Absolutely, it's possible. It's just a higher hurdle to pass over for sure.

Andrew Kuske - *Credit Suisse - Analyst*

And then maybe if you could just give us some insight as to your conversations at the Premier's office on gas supply diversity into the province and how they're thinking about it at high level?

Glenn Beaumont - *Enbridge, Inc. - President - Enbridge Gas Distribution*

With respect to direct conversations with Premier, not so much, but the government and other LDCs in Eastern Canada, this is something that we're collectively looking at, whether we -- whether the issue I talked about in protecting current capacity is an Eastern LDC collective. It involves some consultation with government to make sure they're aware of the issues that potentially could arise from any changes in that overall supply mix. I think, generally, people are supportive, obviously, in getting access to these additional basins that are closer to home. So all those types of things are -- from our perspective, just making sure people are aware of them and where we're going to need support, that they're positioned to provide that to us.

Matthew?

Matthew Akman - *Scotiabank Global Banking and Markets - Analyst*

Yes. Matthew Akman, Scotiabank. Glenn, in your customer chart, I guess, on Slide 3, it looks like the company's forecasting to add -- I don't know if it's less than 50,000 customers a year. The city is bigger than it used to be, and there were years when there were more customers per -- you added, and it seems like the city's on fire in terms of growth in Toronto, which is Enbridge's gas core, part of the franchise, all these condos and stuff like that. So is it that there are -- the load must be growing as faster, faster than ever, but maybe customers are growing more slowly. Is there a way Enbridge can benefit from what's obviously going to be huge load growth in Toronto? And then I guess, second, is there's just a whole bunch of capital replacement or another wave behind this GTA project that you foresee, just because of the knots of growth in construction in Toronto.

Glenn Beaumont - *Enbridge, Inc. - President - Enbridge Gas Distribution*

So one of the differences between the original IR model and this IR model is that we got rewarded on a per-customer addition basis in the first model. That's not the case in this one, right? And so you would have pushed, I suppose, in that last model for individually metered units in a condo or something like vertical subdivision type of installations.

Now that's not positive or negative for us, quite frankly. So it depends on what the builder of the structure wants, and a lot of them really would rather have bulk metering as opposed to individual-metered suites. So we don't benefit from the pure customer side. On the volume side, really, we benefit in year and on absolute growth obviously, right?

And from -- one of the benefits, even though I think the real -- the primary reason we pursued it was so that we can make the investments in our system that we wanted to without having a trade off between reliability, things that we would like to do because we got pared back on capital, one is that -- one of the side benefits to that is that we have a significant capital investment, which drives absolute earnings, even if it doesn't change the ROE.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Glenn, Carl Kirst from BMO. Can you touch a bit more about the storage strategy you might see? Is that primarily LNG peak shaving? And just trying to get better sense of what perhaps that capital we could be looking at.

Glenn Beaumont - Enbridge, Inc. - President - Enbridge Gas Distribution

Yes. I mean, it's early in the process, and we're talking to -- through the OEB process about what we can do. LNG peak shaving, that could have multiple uses. It's absolutely one of the things that we're looking at. Ultimately, this is a more conservative gas supply plan, and on the long term, when it's not a particularly cold winter, it's going to cost more. So that's the kind of conversation that's going on, but it could be more rental, it could be us building LNG ourselves, it could be something into Michigan or whatever it might be.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Good to go, okay. So we could be looking at more build-out at Dawn than just kind of leasing from Dawn, necessarily doing that, okay. All right.

Stephen Dafoe - Scotiabank Global Banking and Markets - Analyst

Steve Dafoe for Scotiabank. Could you give us a quick update on the distributor settlement with TransCanada on Eastern Triangle services and what has to be resolved before that's finalized?

Glenn Beaumont - Enbridge, Inc. - President - Enbridge Gas Distribution

Yes. That settlement has gone through -- the background of it was the Eastern LDCs and TransCanada did land on an agreement fundamentally. It wasn't purely accepted at the NEB. It went through the regulatory process. That's taken place in the last couple of weeks. There's a decision expected by the end of this year. The LDCs and TCPL are still aligned. If it changes materially in the decision from the NEB, it'd probably be back, starting over looking at a new deal. I think we have some optimism that'll maybe approved close to what was originally negotiated. So like I said, the hearing just ended last week, and we'll get a decision by the end of the year.

Stephen Dafoe - Scotiabank Global Banking and Markets - Analyst

Thank you.

Glenn Beaumont - Enbridge, Inc. - President - Enbridge Gas Distribution

Okay, I don't see any others. Okay, with that, thank you very much, and I'll introduce Vern Yu, Senior Vice President of Corporate Development. Vern?

presentation

Vern Yu - *Enbridge, Inc. - SVP - Business and Market Development*

Thanks, Glenn. Good morning, everyone. What I'd like to talk about this morning is our new growth platform businesses, which are effectively our power business, our energy services business and our international business.

Over the last several years, as we've grown these businesses fairly substantially, today, they are very significant businesses in their own right and they do make a meaningful contribution to Enbridge's overall earnings. Together, these three businesses provide about 10% of Enbridge's earnings in 2013. And over the long term, we expect that these businesses will make much more meaningful contribution to both earnings and cash flows as we go forward. In the more immediate term, our hope is to continue to grow these businesses at the same pace that Enbridge is growing its overall earnings, which will be a challenge given the size of the massive investment we're making in our liquids business.

So if we start with power, today, Enbridge is the second-largest wind power generator in Canada and we're also the second-largest solar power generator in Canada. We've grown very significantly by investing \$3 billion in these businesses over the last five years. And today, we have about 1,500 megawatts of total generating capacity, of which we've added 1,000 megawatts in the last five years. Last year, we entered the electrical transmission business with the completion of our Montana-Alberta tie-line, and we have high hopes that we'll be able to continue to make further investments in electrical generation.

So if we spend a minute on fundamentals, obviously, there is going to be tremendous growth in electrical generation and distribution over the next 15 years or so. It's not really coming from the demand side, where demand for electricity is forecast to be relatively flat in North America, but it's really coming from the fact that we're going to see significant coal firepower retirements in Canada and the United States, which will spur significant investment opportunities. In fact, the EIA estimates that we -- in North America, we'll need 400 gigawatts of incremental power generation, which would translate into \$500 billion worth of investment opportunity. Similarly, the distribution network or the transmission network in North America will also need to be reconfigured to handle these new generating assets, and it's estimated that there's \$200 billion of investment opportunity in this space over the next 15 years.

So we do want to focus, however, on specific jurisdictions in North America. As we grow our power business, we want to make sure we're in the right places where we have the right ability and supportive environments for power investments. What are we looking for? We're looking for, obviously, markets that require new generation. We're looking for markets where we would get long-term off-take arrangements. We're looking for markets where there are reliable transmission grids. And then finally for renewables, we're looking for markets that have good energy resources.

So our goal to meet our business plan is that we need to double the amount of generation that we have in our portfolio by 2018, so to go to somewhere around 3,000 megawatts of total generating capacity, and this would require an investment of around \$3 billion.

So what I'd like to do is to spend a couple minutes getting just a little bit more granular on what we expect that we should be able to accomplish in the power side of things over the next year or so.

Last week, we announced that we made an incremental \$225 million investment for about 98 megawatts of capacity associated with Lac Alfred and Massif-du-Sud, so two wind farms in Quebec, and we own 67% and 80% of those two wind farms now. We're working in Ontario on a transmission line. This is what's on the chart as the East-West Transmission Line. It's a partnership between Enbridge, NextEra and Borealis, where it's a -- we're hoping to build a 400-kilometer, 230-volt -- kilovolt transmission line between Thunder Bay and Wawa, Ontario. Our hope and expectation is that we will make a regulatory application to the Ontario Energy Board for this project sometime next year.

Now if we move further west to Alberta, obviously, everyone knows that there are some significant coal-fired retirements plan for Alberta. So that is -- that leads to the fact that there's many development opportunities for power generation in Alberta, both on the renewables side and on the gas-fired side. We're actively working with several parties to see if there's a proper investment that we can make on -- in this province. Obviously, there's many different models that people could use to invest in gas-fired power generation, but the model that we're most interested in pursuing is consistent with our business model where, we only invest if we're able to obtain long-term off-take agreements.



Also in Alberta, we're looking, now that MATL is up and running, to enhance reliability of this system. This would come in the form of investing further in the facility through an AC/DC-AC converter, and we're currently working with the Alberta Electrical System Operator to determine the specifics of this investment and the economic parameters.

And then finally, we are also expecting to be active in Texas. We have our Keechi Wind Project, which will go into service in the first quarter of next year. And Texas is a state that's very open to renewable generation, and it will provide significant investment opportunities for us.

So that wraps up our power business, and I'm now going to move into international. As discussed at the opening -- in his opening comments that global energy demand is obviously being driven by industrialization and growth in Asia, and this global energy demand has obviously spring significant investment opportunities for global energy infrastructure all over the place with new supplies of energy coming on stream.

Many of our customers in North America and customers elsewhere are looking to work with Enbridge for the very same reasons that they work with us in North America: we offer world-class pipeline expertise; we have the ability to operate pipeline safely and efficiently, and very importantly, we can do this in a very cost-efficient manner. Along with that, we obviously have a very capable Major Projects group and a very strong balance sheet that allows us to finance significant infrastructure projects.

So we've been in the international business for quite a long time, for 20 years or so, and in that 20 years, we've only made two investments. Those -- one was the oil pipeline in Colombia, the Ocesa pipeline, and the refined products pipeline in Spain, CLH. While, ultimately, we did sell these businesses to finance our North American crude oil expansion projects, we -- this whole time, we haven't stopped looking for an investment opportunities internationally historically, and then we continue to be picky and selective in what we want to invest in. Really, what we're looking for is to get opportunities to replicate our business model in North America, where there are strong market fundamentals in the country that we're going to invest in and the projects have the same kind of risk profile that we have here in North America.

So this funnel is the kind of design to show the criteria that we look at, and really, it shows that right, now our primary focus is in Colombia and Australia.

Both Colombia and Australia have very strong market fundamentals on the supply side. Colombia expects to grow its production by 20% or 30% over the next five years. And then in Australia, it's a very strong natural gas environment where production is expected to triple over the next five years.

So the project that were most evolved and far along is a Greenfield project in Colombia, our OAP pipeline. This is about a 760-kilometer pipeline from the interior of Colombia, where there's a large growth in crude production and going West to a port on the Western side of Colombia.

We have -- we are working with a shipper group of five different shippers who have funded most of this development work. And at this point, we're trying to finalize the environmental impact and the environmental license for the pipeline, as well as come to definitive terms on commercial arrangements.

We hope to complete all of these in 2015 and hopefully, we would be in a position to make an investment decision late in 2015 or early in 2016.

So finally, I'm going to talk a little bit about our energy services business. Our energy services business has been a solid contributor to Enbridge's earnings over the past several years. Although it's a little off this year, we expect that to rebound in the future and continue to be a strong earnings contributor. This business is a little bit more volatile than the balance of Enbridge, but on whole, it's a relatively low business, where we're really focused on unique product offerings where we can add value to both refiners and producers. We do this by taking -- contracting for space on pipeline and leasing storage where then we're able to physically arbitrage both the crude oil and natural gas markets and provide unique logistical solutions for our customers.

Our staff is very experienced in these markets. Generally, the people we have working in this group are very long-toothed and experienced in providing unique opportunities for our customers.



So on Crude -- and I guess, energy prices in North America, as we've mentioned before, have been severely dislocated from global energy prices. Additionally to that, in-land prices for both natural gas and crude oil have even more -- are more dislocated and more volatile in the last several years. These market dislocations really have allowed our energy services group to be very successful over the last couple of years, where we've been able to, through our logistical knowledge of the pipeline networks and storage situations, generate significant earnings.

What I'm going to do now is maybe spend a couple minutes on a couple of strategies that we've been working on where we think we're able to provide value both for Enbridge and its customers.

The first example, and a little bit tough to read on the slide, is that crude blending opportunity. Our energy marketing group has capacity on the Spearhead Pipeline and soon on the Flanagan South Pipeline. We have tankage in Cushing, and that allows us to create a medium crude in Cushing. So as we've seen, there's been a rapid increase in light supplies coming from the Eagle Ford and the Permian, and we've seen a very significant decline in medium grades of crude coming from the offshore, there's a dearth of medium grade crudes available on the US Gulf Coast.

So by being able to combine heavy Canadian crude that's going to start coming into Cushing in a much larger way with that growing light production in Texas, we can create a medium crude and generate incremental value for both Enbridge and provide the medium crude that refiners are looking for.

On the other example, which is really a crude supply and understanding of logistics example, a Permian production has grown rapidly over the last few years and there's a lack of pipeline capacity out of the Permian. So barrels in Midland Texas are very significantly discounted to both WTI prices in Cushing and Gulf Coast prices in Houston.

What we've been able to do is use our historical space on several pipelines to get that lower-price crude to refineries in the PADD II area and they're able to process that crude, and they're kind of make an economic uplift for their refinery, and we're able to make a profit in doing that.

So those are some of the examples of the logistical insights that we have and how we're able to generate relatively low-risk earnings in this business.

So just to wrap up, our growth platforms do provide meaningful earnings contributions today. In the near term, our hope is to continue to grow these businesses in line with the overall growth rate of Enbridge. And then finally, in the long term, we expect these to provide more and more earnings growth opportunities as we roll forward. And I'd be happy to take any questions.

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. Vern, do you see an increased opportunity to scale the energy services business? And I asked the question in part because we've seen a number of global banks pull out of commodity trading, and so are there more opportunities to be involved in this space on a dollar value basis, and do you see the margins being just larger at this stage?

Vern Yu - *Enbridge, Inc. - SVP - Business and Market Development*

I think the banks have been focused on certain aspects of the business that weren't necessarily logistically oriented. Our focus has always been logistically oriented and not on the financial aspects of the business. So I do think, while the banks are exiting, there's probably not a ton of growth first on that front, but really, where our growth is going to come from is that there is just more supply in North America, there is more market dislocations in North America. And as you understand logistics, that's clearly an opportunity to grow the business.

Andrew Kuske - *Credit Suisse - Analyst*

So part of the bank segments, in a lot of cases, a lot have turned out a lot of storage over the last few years and that drove a lot of the capacity and terminal growth for, say, the last five to eight years. Do you see opportunities to really work around that logistics space as it comes back into the market on a re-contracting basis?



Vern Yu - Enbridge, Inc. - SVP - Business and Market Development

Yes. I think that some of that storage has termed out for a while here, Andrew. And the issue with storage is obviously, the market goes in and out of being profitable on storage. So that's not something you can count on in the long term. I think, really, what we're focused on is understanding what grades of crude are available for customers, and how do we get the right grades of crude to those customers.

Winfried Fruehauf - W. Fruehauf Consulting Ltd. - Analyst

What was the rate of return on common equity that the companies in your group earned in 2013? And how does it compare with the rate of return common equity of the Liquids Pipelines?

Vern Yu - Enbridge, Inc. - SVP - Business and Market Development

Well, I think for the power business, it would be generating a return that's very comparable or slightly higher than what we earned in our Liquids business. Obviously, international, we didn't have any earnings and then, on the energy services side, we're targeting a return that's significantly higher than what we get in our Liquids Pipelines business.

Matthew Akman - Scotiabank Global Banking and Markets - Analyst

Matthew Akman, Scotiabank. You talked, Vern, about wanting to expand the power business and I think other presenters talked about wanting to expand gas infrastructure. Your marketing business is focused on liquids. And I'm just wondering if Enbridge thinks that there's a rationale for getting into power gas marketing at all as a bolt-on in liquids marketing in order to enhance the ability to expand or grow in those related infrastructure businesses, especially I noticed that you have a little power plant kind of schematic in Alberta, which is obviously a merchant market. And to have power in that market, you kind of have to have a marketing business, don't you?

Vern Yu - Enbridge, Inc. - SVP - Business and Market Development

Yes. What we're trying to do in Alberta, Matthew, is if we are to make an investment in power to make sure we have the long-term off-take agreements before we make an investment decision. And, obviously, one of the things that we have available to us is we do have our own load associated with the pipeline that we can bring to help with -- mitigate some of that risk. We do have a natural gas marketing group. It's just not as visible, given that the profitability of that group hasn't been the same as the crude group, and that's probably why we focus more on talking about crude. And we are looking at whether having the ability to market electricity, it would be beneficial to us.

Matthew Akman - Scotiabank Global Banking and Markets - Analyst

Thank you.

Vern Yu - Enbridge, Inc. - SVP - Business and Market Development

Okay. I think that's it. And we'll now turn it over to John Whelen, Senior Vice President, Finance.

presentation



John Whelen - Enbridge, Inc. - SVP - Finance

Well, thanks, Vern, and good morning, everybody. You've already heard a lot today about how the successful execution of the strategies that Al set out earlier morning has created an exceptional portfolio of organic growth projects, which will be coming into service over the next few years and which will provide a very solid foundation, from which we will deliver growing and sustainable value to investors.

In this segment's agenda, I'm going to take some time to update you on our funding plans and capital management strategies, which are translating this industry-leading growth into industry-leading earnings and cash flow generation. Along the way, I'll elaborate on a number of points Al brought up during his earlier remarks.

The key messages, really, are highlighted right here. Our latest five-year forecast includes a record \$44 billion capital expenditure program, more than three quarters of which has been commercially secured. This is the foundation that's driving our industry-leading growth outlook.

We are taking a disciplined approach to financing and financial management, always with the view to ensuring that we have adequate liquidity, sufficient financial flexibility to fund our capital growth, while at the same time closely managing any financial risk inherent in our existing businesses.

We continue to make great progress in executing our financing strategies, and we already have taken a big bite out of our five-year funding plan.

Our sponsored vehicles are coming into their own and are proving to be an attractive source of low-cost funding while enhancing our financial flexibility, and they're very well positioned to generate incremental value going forward.

Putting all of these together, our industry-leading asset growth, combined with the successful execution of our financing strategies and funding plans will drive out that 10% to 12% earnings per share growth, well beyond our five-year planning horizon and free cash flow will accelerate rapidly over the next few years as the projects come into service and asset returns rise over time.

Al touched on how we create value at Enbridge in his opening remarks. At the heart of this value proposition is what referred to as our reliable business model, which is designed and very carefully managed to generate the highly predictable earnings and cash flow growth that our investors have come to expect.

The graph on this slide illustrates our recent track record in this regard. We've consistently delivered adjusted earnings per share within or very close to our guidance range established at the outset of each year. Our ability to achieve this is very much a function of our business model, which many of you will be familiar with that warrants a little elaboration given how central it is to our value proposition. The key points are highlighted on this slide. We pursue commercial arrangements that generate highly predictable earnings and cash flow. That means regulated assets that are supported by cost of service tolling methodologies or assets underpinned by long-term take-or-pay contract. Over 80% of our assets fall into this category.

For investments where returns are sensitive to throughput, we seek to protect against downside risk through minimum throughput commitments or toll ratchet mechanisms, all with a view to ensuring that the minimum acceptable return will be generated from our asset portfolio even in a downside scenario.

We actively manage financial risk to maintain a strong balance sheet, strong investment-grade credit ratings and ongoing access to low-cost sources of capital. And we continually seek ways to optimize our cost of capital to drive the maximum value from our businesses.

This slide provides a bit of a high-level reconciliation of the commercially secured growth capital included in our most recent five-year plan versus the secured growth program presented at Enbridge Day last year, and you can see, it continues to grow.

Like it says on the slide, more than \$11 billion of new organic growth projects have been secured over the last 12 months. At Enbridge Day last year, we've included \$26 billion of capital projects in the commercially secured category. Vast projects for commercial agreements are in place and the project is either under construction or completing the design and permitting phase prior to construction.



Of this \$26 billion, close to \$5 billion was actually placed into service in 2013. You can see the list of projects on the inset chart. These projects will deliver a full year of earnings this year, and many have tilted return profiles that would drive additional earnings growth well beyond our planning horizon and a little more on that in a moment.

Earlier this year, Guy has already talked about this, we announced our largest growth capital project ever, the full replacement of Line 3 on our Liquids mainline pipeline system at a projected cost of \$7.5 billion. Guy has noted, the Line 3 replacement project is scheduled to go into service in 2017. It fits well with our reliable business model, generating attractive base case returns with downside protection provided to the toll ratchet mechanism, which kicks in should volumes flow -- fall below defined thresholds.

In addition to Line 3, close to \$3 billion of capital was added to the list of commercially secured products over last year, including regional oil sands projects, the Wood Buffalo expansion, Sunday Creek, Norlite, Keechi, our first wind project in Texas, and ongoing investment, of course, in our steadily growing LDC business, which when you sum it up, results in an inventory of \$33 billion commercially secured projects in our updated five-year plan, our largest secured investment program ever.

And all of these projects, I should reiterate are a very good fit with that reliable business model that I just described.

The total capital program included in our updated long-range forecast now amounts to \$44 billion across the entire Enbridge enterprise as I just mentioned, and that's including investments by Enbridge Energy Partners and Enbridge Income Fund. It includes the \$33 billion of secured capital that I just walked through, plus another \$11 billion of unsecured projects. All of the secured capital, as I say, will be placed into service and starts generating earnings and cash flow over the next four years. The \$11 billion of unsecured capital reflects the probability weighted estimates, projects currently in the earlier stages of development that we expect will proceed and be funded during the planning horizon.

Just drill down a little deeper into the near term and I think its important to note that our capital plan isn't back-ended. This slide clearly illustrates just how much new capital is going to become productive in the next year or so. You can see that close to 18 billion of new projects will actually be completed and go into service by the end of 2015.

The inset chart should give you a pretty good feel for the projects that (technical difficulty)

John Whelen - Enbridge, Inc. - SVP - Finance

-- will be driving growth, not three to five years from now, but in the very near term.

Back to the tilt. Project completions in service states aren't the only driver of growth. Al has already noted in his opening remarks that the tilt return profile embedded in a number of our large development projects will enhance per share earnings and cash flow growth well beyond our immediate planning horizon.

By way of elaboration, when we talk about the tilt, what we're referring to is the profile of the annual return on equity generated by the new assets that we're placing into service. The degree of tilt is really driven by the commercial constructs or regulated tolling methodology that drives revenue on a particular asset.

We evaluate projects by looking at the full life DCF ROE or equity IRR of every project. While two projects may have the same DCF ROE over their full life, the profile of their annual ROE may be very different.

For example, a pure cost of service regulated rate base project by design, will achieve its full life DCF ROE the first year the project goes into service and maintain that return through the life of the project. We refer to these assets as having a flat return profile.

Other projects will have a much more pronounced upward tilt to their annual equity returns. The ROE in the very early years of the project will be below the full life DCF ROE and will climb over time until crossing over and exceeding that full life DCF ROE after some years.

The tilt in the ROE profile can be caused by many things, but the most obvious is the fact that for a number of our projects, contractually committed throughput volume ramps up in the earlier years of the project in coordination with shippers planned production growth. The chart, which I'll briefly highlight, is intended to depict the typical return profile of projects that fall into the flat or tilted categories.

Our assets typically generate full life equity returns which range between low-double digits and low teens. Flat projects generate a constant ROE equal to the full life DCF ROE. Returns on tilted projects may start in the mid to high single digits and grow from there, typically achieving their full life DCF ROE within five to eight years but sometimes more quickly depending on the commercial construct. When we prepare our own long-term financial forecast models, tilted return projects significantly bolster EPS growth, particularly beyond our five-year planning horizon.

So for those of you who spend a lot of time modeling our businesses, this slide provides a bit of a more granular breakdown on the return profile of the \$33 billion of commercially secured projects that will be coming into service over the next four years. You can see that these major projects are categorized by their anticipated full life DCF ROE, the profile of their annual returns, tilted or flat, and if tilted, what the first year annual ROE looks like and how quickly that rises to achieve the project's full life DCF ROE.

It's a busy slide, and I won't go into a lot of detail, but you can see from the table that more than \$20 billion or 60% of the \$33 billion of new projects coming into service have some degree of tilt associated with them. This will help extend that 10% to 12% EPS growth rate, again, well beyond our planning horizon.

Okay. I want to switch gears at this point and talk a little bit about our approach to financial management and how we're progressing with our funding plans and strategies in support of the record capital expenditures that we're undertaking.

Preservation of financial flexibility continues to be a top priority. Given the very high amount of capital that we're committed to invest, we take a conservative approach when it comes to managing funding risk, retaining a large of liquidity in the form of committed standby credit lines to ensure we can meet our funding requirements in the event that capital markets are disrupted. Our policy is to maintain at all times enough liquidity to fund at least the full year of capital commitments in the event that we are unable to access markets on a reasonable terms.

We've actually increased our consolidated credit lines by about \$1 billion since Enbridge Day last year, and committed standby credit across the organization now totals close to \$18 billion.

After taking into account any facility draws and the credit line is currently backstopping outstanding in commercial paper, we have close to \$12 billion in available liquidity to meet contingencies and manage around any capital markets volatility that might arise. All said, we continue to be in very good shape on the liquidity front.

And while we do retain various significant amount of standby liquidity as a form of insurance, we have generally been able to raise capital in almost all market conditions. This is in large part due to the low-risk nature of our businesses and our practice of substantially hedging other controllable risks wherever possible.

As you can see, we have substantially hedged our exposure interest rates and foreign exchange rates well into the future. Currently, about 66% of our exposure to the US dollar over the next five years has been hedged, about 69% of our projected exposure over the next five years to floating rate debt has also been hedged using four-starred swaps that have pretty attractive average swap rate of about 1.5%.

And about 88% of our planned term debt issues -- term debt issues have also been hedged at an average benchmark rate of about 3.6%. And we will continue to proactively manage all market price exposures, including any commodity price risk, to ensure they don't meaningfully impact the natural performance going forward.

While we have been managing the risk inherent in our businesses, we've also been making very solid progress on the funding side. To date, 2014, we've raised close to \$7.5 billion in permanent capital in addition to securing the incremental \$1 billion of bank credit that I noted previously.



We've also continue to diversify and deepen our funding sources, evidenced by the variety of markets that we've tapped in 2014 thus far. And you can see the details on this slide.

Appetite for our debt and equity securities remain strong and our ability to tap a variety of markets in different jurisdictions has further increased our funding flexibility and enabled optimization of our cost of capital. So lots of progress on the funding front.

As always, we continue to pay very close attention to our credit profile. This slide summarizes the current credit ratings for senior unsecured debt for Enbridge Inc. and each of its subsidiaries that issue debt in public markets.

These ratings have remained stable over many years, notwithstanding the larger organic growth program, which we've been executing. And we've not sacrificed the balance sheet in order to achieve our growth targets.

We're in regular dialogue with the credit rating agencies and keeps them a part of ongoing business and financial developments with all of our issuers. I'm pleased to note that S&P, just this week, placed Enbridge Energy Partners on credit watch with positive implications.

Our funding plans and financing strategies are very much designed with our credit profile in mind and our desire to make strong investment-grade credit ratings and ensure ongoing access to debt capital markets in attractive terms in almost any market condition.

So speaking of funding plans, we've included in your materials our updated five-year financing plan in that waterfall format that we've been using for a number of years now with the analyst investors. And I'll remind you before getting too deeply into the numbers that this chart provides an Enbridge Inc. perspective, which -- excludes, I should say, the funding requirements of our sponsored vehicles.

Excluding our sponsored vehicles, capital requirements over the next five years are projected to be a little over \$37 billion. This includes about \$23 billion of secured growth capital, \$9 billion of risk capital and \$5 billion of maintenance capital spending.

We are projecting that internally generated cash flow, net of dividends, will provide approximately \$15 billion of this requirement, leaving about \$22 billion to be raised in the capital markets.

On the debt side, as you can see on the slide here, we'll need to raise just under \$16 billion in new debt, and refinance approximately \$7 billion of maturing debt for a total of just over \$20 billion during the five-year planning horizon. We're already making very good progress having issued about \$5.5 billion of term debt so far this year in addition to the equivalent of \$700 million through the issuance of rate reset preferred shares, which we assigned 50% credit to debt and 50% credit to equity in accordance with the rating agency guidance.

We'll also pay down about \$600 million of debt, with the after-tax cash proceeds of moneys received from the drop down to Enbridge Income Fund, which I'm going to talk a little bit more about in a moment.

So as you can see, we have about \$15 billion of debt to raise over the next four years or so, which we feel is really very manageable given the depths of the markets that we can access.

On the equity side of the equation, after accounting for the very large amount of equity that will be generated from operations, our plan calls for about \$6.2 billion of common equity or equivalent in order to maintain our target credit profile.

About \$2.8 billion of this amount will be raised through our DRIP and stock option programs, leaving about \$3.4 billion to be raised from the market or through drop down transactions with our sponsored vehicles that create equity capacity on our balance sheet.

Again, we're making very good progress. To date, we've raised about \$1.2 billion of equity equivalent through the issuances of common shares, preferred shares, and we do expect to generate another \$300 million of equity capacity on our balance sheet through the completion of that sale of assets to Enbridge Income Fund, which we expect will close in November. That leaves about \$1.9 billion of equity to raise.



So all in all, we've taken a big bite out of our five-year funding program, having secured close to 30% of our required debt funding and close to half of our equity requirements all in the first year of the plan.

And we do have lots of alternatives with respect to how we raise the additional \$1.9 billion of equity. While we may wish to tap the common equity market of our capital spending plans, our market conditions change, you can see on this slide that our alternative sources are more than double our current equity requirement, which provides flexibility to optimize funding sources and again, reduce our cost of capital.

Speaking of cost of capital, as AI noted, our drop down strategy is really gaining momentum. As we've already discussed, in the last two weeks, we've announced drop downs to both Enbridge Income Fund and Enbridge Energy Partners.

Just last week, we announced that the Income Fund had agreed to acquire the US portion of Alliance's natural gas transmission pipeline and the structured interest in the Southern Light pipeline for a total purchase price of \$1.76 billion.

The previous week, we announced that EEP has formed a special committee of its independent directors to consider the acquisition of the 2/3 interest in the Alberta Clipper pipeline that it doesn't already own, again, at a proposed price of \$900 million.

These are attractive transactions for both Enbridge and its sponsored vehicles. The sponsored vehicles require assets that further diversify their asset portfolio and are accretive to distributable cash flow.

Enbridge is able to monetize the value inherent in these assets and create equity capacity on its balance sheet, reducing its own debt and equity capital requirements, while at the same time continuing to operate and manage the transferred assets and earn a very attractive incentivized return on its routine investments.

Enbridge Energy Partners is also using this approach to cost effectively meet its own funding needs. Late last year, as Greg discussed earlier, it established its own publicly traded affiliates, the Midcoast Energy Partners, to acquire and build out its natural gas midstream business. An IPO was successfully executed in December of last year, the proceeds of which were combined with bank funding to acquire about 39% of the business. And then in July of this year, EEP dropped down a further 13% of the business to MEP. These transactions have and will continue to help EEP cost-effectively fund its record growth program on the liquids side of its business.

And there still is a very large inventory of assets potentially available for drop down by Enbridge Inc. As has already been noted by Hugh, between the liquids pipelines, gas pipelines and renewable energy business, there are more than \$24 billion suitable assets that could be considered for transfer to our sponsored vehicles, most of those assets on the slide there, you'll be familiar with. They tend to be mature, stable assets suitable for transfer to high payout vehicles like the fund or EEP.

Our Sponsored Vehicles strategy has arguably been slow to develop. The introduction of the FIT tax in Canada and all of the ramifications that followed hampered the growth of Enbridge Income Fund in its early years.

EEP has also had to absorb a very large organic program in addition to dealing with volatility in its midstream gas business and the impacts of the Marshall, Michigan release, all of which were affecting its financial performance and valuations. These vehicles are now on a much more solid footing.

The Income Fund has acquired more than \$4 billion of assets from Enbridge since it was restructured at the end of 2010 and is proven that it can raise significant amounts of capital in the debt and equity market on terms that make these transactions very attractive to both Enbridge and the funds to shareholders.

Its share price has increased close to 35% since Enbridge Day last year and its trading yield has improved, falling from 5.6% down to about 4.5%, making accretive win-win transactions all that more achievable.



As AI discussed, we've also taken a number of steps to strengthen EEP, including the restructuring of its incentive distribution rights and have seen its unit price respond accordingly to the point where we were able to accelerate the planned timing of an initial financial drop down transaction from Enbridge.

EEP's share price has improved close to 30% since this time last year and its trading yield has fallen from 7.1% to about 5.7% over the same period.

MEP is also making headway, having just refinanced a large portion of its IPO bank debt in the private placement market and the plans to file an equity shelf before the end of the year, which will enable it to undertake further drop downs and third-party acquisitions. These vehicles are now much better positioned to provide low-cost funding and enhance value for Enbridge shareholders going forward.

Which brings me back to the slide that AI put up much earlier in the morning. Given the strengths and transparency of our existing growth capital program, the inherent return tilt in a large number of our projects, the impact of cost of capital optimization and the opportunities you've heard about to grow other businesses outside of Liquids Pipeline, you'll hopefully understand why we remain highly confident that we can sustain our 10% to 12% EPS growth rate well beyond our planning horizon. But we know these days that EPS is only one measure, growing cash flow is also an important part of the story.

And we are certainly projecting rapid growth in the form of cash from operations since projects come into service, but our maintenance capital profile is also an important factor. As you can see, we're projecting the decline in our maintenance and integrity program spending over the planning horizon. This is not a reflection of a reduced focus or commitment to system maintenance, far from it. Rather, it reflects the winding down of some specific integrity initiatives that we undertook after the Marshall, Michigan incident.

This slide shows the trend in maintenance and integrity spend at Enbridge Inc. but excluding our sponsored affiliates. And you can see that maintenance integrity spending will decline significantly from a peak in 2013 -- 2014 back down to a more steady-state level by 2018, which has a significant impact on free cash flow.

Now there are many derivations on free cash flow used by analysts and investors for a variety of different purpose. Our definition is shown in the inset box that is built up from an Enbridge Inc. perspective.

We start with funds from operations or FFO, as reported on our consolidated cash flow statement. That cash from operations, excluding the impact of changes in the working capital. We then subtract all of the FFO generated by our sponsored vehicles and add back only the distributions that we receive from them. If we were looking at historical results, we'd also look to normalize out any nonrecurring cash inflows or outflows that aren't indicative of future performance. We then subtract preferred dividends to get what we refer to as available funds from operation. And from that, we deduct all maintenance capital, including integrity program spending to arrive with free cash flow.

The very strong inherent cash flow that AI mentioned is a function of steadily increasing operating cash flow, driven by the new projects coming into service, the tilt of returns, obviously arising depreciation that comes from a new asset base, combined with this decline in integrity program spending to a more steady state. All of this means we will have some increased flexibility to manage capital allocation going forward as we continue to prudently manage the risk associated with the build-out of our unprecedented greenfield capital program.

So coming back to those key messages. Our \$44 billion capital program is highly transparent and will drive earnings and cash flow growth starting this year and throughout the planning horizon. Tilted returns will enhance and extend the EPS growth rate. Financial discipline will continue to guide our strategies and investment decisions. We won't deviate from our reliable business model or sacrifice the balance sheet to achieve our growth objectives. We do have ample liquidity and access to diversified capital markets, and growing free cash flow will further enhance our financial flexibility.

Our Sponsored Vehicle strategy is gaining momentum and is poised to add further value. All of which gives us that confidence from the finance side that we will be able to drive out that 10% to 12% low-risk growth well into the future and significantly grow long-term value for our shareholders on a sustainable basis.



So with that, I'd be happy to take any questions from the finance side.

John Whelen - *Enbridge, Inc. - SVP - Finance*

Linda?

Linda Ezergailis - *TD Securities - Analyst*

John, I don't know if this is a question for you or for Al. But maybe you could give us an update on how you're thinking about Noverco and how it fits into your Sponsored Vehicle strategy. Is it status quo there? Does it make sense at some point to collapse that structure depending on tax implications, or might you use that to grow either through third-party asset acquisitions or Enbridge asset drop downs?

John Whelen - *Enbridge, Inc. - SVP - Finance*

Yes. Well, it's certainly there as a vehicle and we've restructured from a very effective partnerships in the past. It's something we probably would like to do more with in the future where opportunities exist. It's an efficient way to get financing into the business for us, and we look at with our partners in Noverco to see if we can seek out other opportunities that make mutual sense. So we're certainly not abandoning that approach. What we've seen is a resurgence of the fund and of Enbridge Energy Partners, but it remains yet another option that we could pursue, depending on the nature of the projects that we have -- that we're looking at.

Linda Ezergailis - *TD Securities - Analyst*

And how might it compete and provide other attributes versus Enbridge Income Fund or EEP?

John Whelen - *Enbridge, Inc. - SVP - Finance*

It probably partly deals with the strategic partnerships that we've developed in that area and what they might bring to the table.

Steven's got his own mic.

Steven Paget - *FirstEnergy Capital - Analyst*

John, how might your capital structure change in a rising interest rate environment?

John Whelen - *Enbridge, Inc. - SVP - Finance*

I'm not sure our capital structure changes in a rising interest environment. I think what we've been careful to do is try to hedge in our interest rate exposure quite significantly. You saw our 88%, I think it was the number I put up, hedge in the term debt plans -- term debt funding side. So we're really trying to lock down any of those controllable risks going forward.

Our capital structure itself and we try to optimize in accordance with the underlying risk of the assets. So that's where we would tend to treat with capital structure, although I don't see a significant difference on a consolidated basis at this particular point in time, given the risk profile is pretty generic really all within a certain bound of risk return.



Steven Paget - *FirstEnergy Capital - Analyst*

Okay, thank you.

Paul Lechem - *CIBC World Markets, Inc. - Analyst*

Paul Lechem, CIBC. Now that you've introduced the cash flow graph here, I'm just wondering, is there something that you will now start to think about metrics internally, either accretion, around acquisition on a cash flow basis about EPS? Is this something we should be thinking about in terms of guidance going forward, dividend payout ratios, based on cash flow? I mean, how do we think about this versus the earnings base metrics that you've used up to this point in time?

John Whelen - *Enbridge, Inc. - SVP - Finance*

Well, I think there are two ways of looking, really, looking at the same thing. We pay attention to both. Certainly, Paul, at our sponsored vehicles, their vehicle is driven off of distributable cash flow, and so we measure value of those vehicles based on their distributable cash flow. Enbridge in the main, we still continue to focus on earnings, but we always look at cash flow and what's going on. In fact, every analysis that we do have underlying cash flow analysis that goes along with it. So we're continuing to obviously triangulate and measure against both metrics at the Enbridge Inc. level. Sponsored vehicle level is more cash flow driven.

Matthew?

Matthew Akman - *Scotiabank Global Banking and Markets - Analyst*

John, Matthew Akman, Scotiabank. My question is on your potential for further preferred share issuances. I mean, is this sort of a limited market or appetite for Enbridge issue that stuff, or do you have a limit at some point? What are the constraining factors, if there are any? And you showed another \$1.5 billion potential. And in particular, I'm thinking about balance sheet from a rating agency standpoint, but I'm also thinking about refinancing risk because mostly, they're five-year resets, and you talked about hedging out a lot of the interest rate exposure and cost of debt exposure, but is that a consideration with respect to the pref shares?

John Whelen - *Enbridge, Inc. - SVP - Finance*

Right. Well, a couple of points there. In terms of capacity, we've certainly you know better than anyone, there's strong appetite for yields out there. The market continues to be very receptive, we've been able to do high volume of transactions without any concessions on yield at this stage, should market conditions change, we'll have to think about how that works.

Although what you'll see in our plan is there certainly is a tapering over time in terms of the amount of the preferred share capital used. I think the rating agencies are comfortable with the component, of preferred shares in our equity structure and in our capital structure, and as we grow, we kind of grow into that component.

So I think we're quite comfortable on that side, that we'll be within the guidelines and parameters that they're comfortable with and continue to give 50% equity credit to those instruments.

But it's something that we'll watch in terms of the refinancing. I mean in many ways, these rate preferred shares are a highly flexible form of capital because you can take them out with other types of capital at the appropriate time, depending on what's going on with your balance sheet, and so on, and so forth.

And as we start to move forward, we're not too close any of those dates yet, but they'll come up relatively quickly with the way they're established. We'll look at whether it logically makes sense to start to risk manage that more aggressively.



Matthew Akman - Scotiabank Global Banking and Markets - Analyst

Thank you.

John Whelen - Enbridge, Inc. - SVP - Finance

Yes.

Andrew Kuske - Credit Suisse - Analyst

Andrew Kuske, Credit Suisse.

John Whelen - Enbridge, Inc. - SVP - Finance

Andrew.

Andrew Kuske - Credit Suisse - Analyst

Andrew Kuske, Credit Suisse. John, just if you look outside your planning horizon, so the 2018, you've talked about, how do you think about the Enbridge group of companies and really, what's the philosophy behind them? Because clearly, you've highlighted \$24 billion of drops you could do. If you did that over a period of time, what does that mean from an Enbridge Inc. perspective, and how does that entity look on a longer-term basis?

John Whelen - Enbridge, Inc. - SVP - Finance

Well, that's something that we continue to examine in terms of what the appropriate structure and form of the business will be and the corporate organization will be going forward. But part of the motivation clearly for us, we use these vehicles primarily as funding vehicles, low-cost funding vehicles in an environment where we've got an awful lot of growth in front of us, and we think there's new growth coming down the pipe, whether it's coming from Greg's gas business or Vern's power business, over and above what's going on in the liquids. We're going to need that capacity up top, so you continue to see a pretty robust company on a consolidated basis no matter how we're organized. And quite frankly, Enbridge is going to need that flexibility, financing flexibility, to fund out that longer-term growth beyond 2018.

Andrew Kuske - Credit Suisse - Analyst

Then just as a follow-up, if you think about that \$24 billion of potential drops, how long do you think it will take to work through that? Because there's obviously a finite amount of capacity for things like MEP, EEP, and then also ENF for those markets to take down that paper. So how long is that inventory? And then at an inc. level, if we look out to '18 with leverage, you could be looking at roughly \$10 billion of capital deployment each and every year. So what do you actually start to do with the cash? Is it project size -- project size will get that much bigger, or you're going to be that many more things?

John Whelen - Enbridge, Inc. - SVP - Finance

Well, you may have partly answered the question yourself, Andrew. I think a lot of it is going driven by just how much growth is developed. The pace of drop down will be largely driven by the pace of opportunity that we see there. We know we can comfortably fund the equity requirement

that we see in front of us with the various alternatives we have, so we've got lots of flexibility. As the growth continues that we see growth continuing, that can -- we can accelerate the pace as appropriate.

[So here], Robert.

Robert Kwan - RBC Capital Markets - Analyst

Just on the equity funding slide, you've got the \$3 billion in drop downs and asset monetization. I'm just kind of wondering, if you look at historically what you've done in Canada, that gets you almost half the way to that number over the five-year plan. It seems to me that the \$3 billion number is incredibly conservative when you look at the depth of the US market. So I'm just wondering, is there something that I'm missing or -- in terms of the different conservation from your point of view, or that's just a very conservative number?

John Whelen - Enbridge, Inc. - SVP - Finance

It's probably a conservative number as it reflects our traditionally fairly conservative approach in terms of where we think we can -- where we can and think we should be raising the funding from. Well, that's probably fair. There are a bunch of ways that we can get at it. I think we've gone through a period in this company where we've watched others completely lose their market access and go through very difficult periods of time.

And we've got, as I think a number of people have mentioned, we've got \$33 billion of funding to do right now. The deals are struck, the commitments are there, and so we are being relatively cautious in light of that commitment that we have to go out and form those plans. As we move forward and push through some of that, our flexibility increases.

Robert Kwan - RBC Capital Markets - Analyst

Thank you.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Hey, John. Carl from BMO. Sorry.

John Whelen - Enbridge, Inc. - SVP - Finance

Hey, Carl.

Carl Kirst - BMO Capital Markets U.S. - Analyst

If we flush out a little bit of the tilted profile, we get into 2018, 2019, the growth that comes without, if you will, the CapEx associated with it, is it something as simple as we should be looking at \$20 billion of portfolio, assuming 40% equity finance kind of an increment of 75 bps per year, that trend line and all of a sudden, you've got 3% of kind of already baked in growth, or which moved that number up or down?

John Whelen - Enbridge, Inc. - SVP - Finance

Yes. An analysis along those lines is -- it's the right way of coming out of it at the end of the day. Again, the nice thing about this program is coming without the capital, right? You don't need the capital to achieve that growth. Your estimate is kind of within the range that our own internal folks have done when we've been working at it.



Carl Kirst - BMO Capital Markets U.S. - Analyst

Fair enough. One quick follow-up if I could. The US dollar exposure, it looks like it's a bit lower in years passes, is that just a commentary of where you think the dollar is going.

John Whelen - Enbridge, Inc. - SVP - Finance

No, not really. You probably see us, quite frankly, [re-up]. It's probably where we are in a cycle of how we do our risk management more than anything else like that. Now that we've got a fairly certain plan, the US dollar exposures are kind of known more in the out years, you'll start to see it put on a little bit more.

Carl Kirst - BMO Capital Markets U.S. - Analyst

Fair enough. Thank you.

John Whelen - Enbridge, Inc. - SVP - Finance

Yes, [Mike]?

Winfried Fruehauf - W. Fruehauf Consulting Ltd. - Analyst

I have a question about stranded capacity of your Liquids Pipeline. Before asking the question, I'd like cite a base for it. State-of-the-art liquids pipelines have a physical life of give-and-take 80 years. The contract life of Enbridge's -- all of Enbridge liquids pipeline is far, far shorter. And by the same token, in the United States to the extent that liquids production is driven by unconventional petroleum, given to whom you're listening, we are looking at maybe a peak production between 2020 and 2025.

Here in Canada, the situation for liquids pipelines is a little bit -- our production is a little bit more opaque, but by the end of the day, you might say, "Well, that's taking a larger progress, maybe we can wring out more of the reserves in place, and add maybe a year or two." Or you can say, "Well, maybe we can convert liquids pipelines to gas pipelines, but that's very location specific." At the end of the day, my question is, what is the risk of Enbridge facing stranded. Capacity sometime between, say, 2020 and 2025.

John Whelen - Enbridge, Inc. - SVP - Finance

Well, that might be a better one for Guy to take a crack at. Generally, though, when we look at it from a financing perspective, we're pretty comfortable with the depreciable lives that we're assigning. We think we're pretty conservative from that respect, but from a physical perspective, maybe Guy you could --

Guy Jarvis - Enbridge, Inc. - President - Liquids Pipelines

Yes, well, I think you've got to think about our business in terms of the different pieces of it. So in terms of the regional pipelines in the oil sands and in the Bakken, the commercial structures around those are such that, that volume risk largely lies with the producers. We have very long-term commitments that are underpinning those investments and they're take-or-pay, so we're going to get paid for that initial term of those contracts irrespective of the volumes.

I think on the mainline, the question comes back to -- kind of the picture we were trying to paint is that we're focused on being competitive on the mainline. We believe that the markets that we serve in the upper Midwest, those refineries, they've been making significant investments of their

own, that's positioning them to be very competitive, to compete for barrels to come across our system. And while clearly, there can be threats out there from change in the supply curve or other competitive pipeline situations, we think our own efforts to stay competitive and the investments being made by our core refining customers are going to continue to make netbacks across our system very attractive to the producers.

John Whelen - Enbridge, Inc. - SVP - Finance

Nobody else? Okay, well then, happy to turn it back to Al who's got some closing remarks.

presentation

Al Monaco - Enbridge, Inc. - CEO

Actually, just before I close, I want to touch on a couple of things that were brought up near the end there. First on that last question around stranded assets. The other thing I'd add to Guy's remarks is that a good chunk of our systems are driven by the oil sands investments, which are, as you know, near 40 years plus. And in addition, the commercial structures that Guy is talking about are such that a good chunk of the capital related to those assets are going to be paid out in the timeframe that you're talking about. So overall, we feel pretty good about our ability to avoid the stranded assets in that timeframe.

The other thing I want to come back to is, I think there was two or three questions, that all were getting at the same thing, around the cash flow metric, the pace of drops and I think the conservatism was the last one in our drop down strategy in terms of how much equity we can provide.

This is all part of the dividend -- not just the dividend, but the capital allocation decisions that we make. And it balances a number of things, as we said earlier, including the dividend payout obviously is part of that, and how much cash we want to retain in the business relative to the size of that capital program. So that is a key element of our decision making there.

And finally, especially as you move beyond the next two to three years, the quality and magnitude of the opportunities that we see in front of us is going to be another element of capital allocation that we make. We can't do that today, but certainly, you can be assured that we're going to be looking very closely at all of those elements as we move forward.

So are there any other questions before we move on to close?

Okay. Well, thank you for your attention here today. We've got a closeout by a couple of slides here. I think the first one is a photo. Is that coming, that's me? That's why it's not coming up, I'm not moving it.

Okay. So I'll make a few comments today about Richard Bird. And he's smiling there. I think this was when he told us he was going to retire. And that's an old picture because as you can see, he's looking a little bit older than he appears in this picture. But kidding aside, Richard has been a force at this company for more than two decades, and not just in the financial side of the business, but on the operating side as well.

He's had so many successes with our company that we'd take quite a few more minutes here or even half an hour to go through them all, but maybe just a couple overarching comments that I'd like to make.

I think everybody knows Richard for his analytical capability, his creativity, his understanding of the business. But he combines that extremely well with a pragmatic approach, so that we're making decisions, we're getting things done aside from all of the other attributes that he brings. I think those attributes have actually rubbed off on many people at our company, including a lot of the management team that have worked with Richard for some time. So we're hoping, and we're sure that his discipline that he's brought us over the last two decades is going to carry on.



He is one of the most hardworking and dedicated people that I have ever known, and I'm very sure that on the last day, he'll be there until late in the evening working away on some project or the other. But I think after 40 years-plus in this business and his stint in academia as well, he certainly earned his retirement.

One other point, although this is less known, he and his wife, [Cathy], are very community minded and active in helping others, both locally and also around the world. And I think he spends -- he's got a plan to spend a little bit more time doing that.

Richard also told me that he plans to stay on as a shareholder. So we've said it now publicly, Richard. And I think that's a good thing because with the shares he owns, he might move the market if he decides to sell.

I think he made that a statement, he can speak for himself, because he recognize the value-creation opportunity that we have on in front of us here that we've explained hopefully today, and we'd like to thank Richard, finally, for his many years of experience with Enbridge. And I know I speak on behalf of the investment community as well. But he will be staying on those sponsored vehicle boards.

So just to recap here. Obviously, by now, it's clear that we are very bullish on the fundamentals on this continent and it's going to drive a huge opportunity set for us. I think our assets are extremely well positioned as evidenced by, I won't say the number again, but I will, it's \$44 billion. We've said it enough times today, 75% of which is secured. And through the newly secured projects over the last few years, we expect to see that 10% to 12% EPS growth rate, on average, over few years here in front of us on the plans through 2018.

And importantly, those assets, we're maintaining our discipline, they fit the same value proposition that we talked about for years.

We're making good progress on the three priorities that we talked about, safety and reliability, execution that Byron went through, and then extending growth beyond 2018.

I think we've made very good headway on our sponsored vehicle strategy and particularly in the case of EEP, I think we've been a little bit frustrated there over the last couple of years, but I think we're making a point -- a turning point now in the right direction. And we've delivered on our promise there and hopefully, we can apply the sponsored vehicle strategy more in the future.

I think dividend should continue to increase in line with EPS growth through 2018. And as we've said a number of times, there is a potential to accelerate that pace as well.

And finally, if you really summarize the story in a nutshell, it basically comes down to delivering a dividend yield plus growth, which is about 15% annually, and that, in combination with the strong business model and the relatively low risk nature of that model, hopefully will generate good value for shareholders going forward.

So we appreciate you being here today. I think we'll have lunch now. I think we're just about on time here, so please join us. And we very much appreciate you being here today.

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