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EDITED TRANSCRIPT

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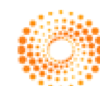

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PRESENTATION

Jody Balko *- Enbridge Inc. - VP - IR & Enterprise Risk*

Well, hello everyone and good morning. Welcome to the 15th Annual Enbridge Day Investment Community Conference. My name is Jody Balko and I'm Vice President of Investor Relations and Enterprise Risk at Enbridge. Thank you for joining us here today.

So as you all know, at Enbridge, we are deeply committed to the safety of our people, our operations and the communities in which we live and work. And as a part of that commitment, we like to start our meetings with the safety message. And our safety message today is about emergency procedures here in this building.

So therefore, in the unlikely event of a fire or other emergency, please proceed to the exits at the back of the room, exit through those doors and go down the stairs. At the bottom of the stairway, you'll be met by a Toronto Board of Trade employee who will direct you to the Sheraton and the Sheraton is the meeting point. And there we will give you an update on the emergency and any further instructions.

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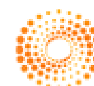

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So with regards to our session this morning, I'd also like to remind you that this is being Webcast. So if you are going to ask a question, please raise your hand to indicate that you do have a question and then one of our employees will provide you with a microphone. Please state your name and the institution that you are with so that people listening to the Webcast can follow along.

So as I did last year, in lieu of a traditional thank you gift, we have again elected to direct those dollars to the Enbridge Ride to Conquer Cancer and donating this money to the Ride was a very easy decision for us when we consider the incredible impact that additional research dollars could make. This year, the National Enbridge Ride to Conquer Cancer Campaign exceeded the 2012 total and raised C$46 million to support cancer research in British Colombia, Alberta, Ontario, and Quebec.

Now C$46 million is an incredible amount of money and the credit for raising such an astounding amount goes to the 14,000 riders who not only committed to fund raising for this event but also to dedicating themselves to ride over 200,000 kilometers in one weekend.

Our Enbridge team alone had over 300 riders and we raised a total of C$2.2 million. And I see quite a few of those riders here today with us. In fact Al Monaco showed his leadership skills not only in the Board room, but he set a strong case both on the bike and in fund raising at the Alberta Ride again this year.

And our commitment for the Ride to Conquer Cancer is set to continue. We've just signed as the national sponsor for another three years, so look forward to us reporting back next year on another great campaign. And if you are interested, there are sign-up forms at the back.

All right, before we begin the presentations this morning, please take a moment to review the legal disclaimer regarding forward-looking statements as some of the comments today may fall into that category. And one last item before I turn it over to Al, as you are aware during our second quarter, we filed a registration statement relating to the proposed initial public offering of Midcoast Energy Partners LP.

Now Midcoast is in registration and in the quiet period for disclosure purposes and as a result, we will not be answering questions regarding the IPO and reference should be made to the registration statement that we have on file with the SEC.

And with that, I will pass the mic over to Al Monaco, President and CEO of Enbridge.

Al Monaco *- Enbridge Inc. - President, CEO*

Thanks, Jody. On the ride, I'm still experiencing pain from those two days. But I think I've recovered now. Good morning, everyone. Our Annual Enbridge Day in Toronto and New York is really an important event for this company that's because it provides a window to investors to see where we are and where we're taking the business in the future.

We've just concluded our five-year strategic plan which was blessed by our Board of Directors. So Enbridge Day is really a timely vehicle to roll that out to investors, but also to the other stakeholders. It also gives us a chance to expand on the developments in our business over the last little while through this entire footprint that you see on the map. And as you will see there are a lot of things we're working on to further develop the business.

Finally this day gives us an opportunity for investors to see a broader and deeper swath of our management team than the usual IR meetings where it's just Richard or myself.

What I'll do today is layout how we see the big picture for the industry, our key corporate priorities and then the outlook for the business. If there's one thing I hope we'd take away from today is that there's a high degree of transparency into our average annual EPS growth rate of 10% to 12% over the next five years, that's our planning period.

We have a massive slate of secured investments with ample opportunities as well in development that will drive, we think, superior shareholder return for many years to come. So put simply, the cupboard is full and we're very excited about our future.

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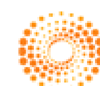

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Now, this slide shows the leadership team and other presenters for today. Before we get to the changes since the last Enbridge Day, let me just touch for a moment on the succession planning and management development. In a nutshell the key to our approach is planned senior leadership rotation. We believe that providing a broad mix of assignments engenders a well-rounded seasoned and proven leadership team.

To draw a sports analogy, we've got a great top line, the people on this chart and these individuals can play any position and they can put the puck in the net. But we've also got a very deep bench and we feel comfortable in putting out not just this top line, but equally strong lines after that.

To illustrate the depth that we've expanded our group today with a bit of a panel format, so you'll see some new faces up here to address key issues and each one of the presenters will introduce those team members.

Just touching for a minute on recent changes, Leon Zupan rejoined Liquids Pipelines as Chief Operating Officer. Leon brings a wealth of experience to support the build out that we're going to see in Liquids Pipelines over the next several years. Mark Maki was appointed Acting President of Gas Transportation and the various roles he's had put him in good position to step into Leon's previous role.

Cynthia Hansen was appointed to the role of Enterprise Safety and Operational Reliability. Cynthia reports to me. She's charged with defining and coordinating our corporate-wide vision and culture with respect to our number one priority, safety and operational reliability. And we'll have more on that in a few minutes.

You'll also hear today from Vern Yu who will cover the Liquids Pipeline's commercial picture and Byron Neiles who heads up Project Management. Now there is also a couple of other changes that aren't on the chart that were effective today, Guy Jarvis, previously leading Enbridge Gas Distribution here in Toronto is appointed EVP and Chief Commercial Officer of Liquids Pipelines. A breadth of experience is brought to the table here with Guy including various roles in Liquids Pipelines.

Glenn Beaumont, previously looking after operations at EGD is appointed President of Enbridge Gas Distribution. He knows this utility like the back of his hand and we're looking forward to him further evolving the business as we move into the next stage of investor -- of incentive regulation.

Now, three individuals not presenting today simply because of time constraints Janet Holder, who leads Gateway, David Robottom, Chief Legal Officer and Karen Radford, Human Resources and Public Affairs. These individuals are going to be available at the break and at lunch.

The management team is focused on maintaining the long-standing value proposition we've always had and it's essentially the reason why investors should hold Enbridge in our view. That reason is basically a unique combination of three things, an unparalleled growth outlook, a very reliable business model that's illustrated on the top right by consistently achieving financial results with any tight guidance then whether that's annually or a five-year period, and of course our dependable and growing stream of dividends.

This model has delivered superior shareholder value over the long term regardless of what sectors are in favor and we intend to stick to the business model.

Now, let me just explain that a little further. The elements that support the reliability of the business model are threefold. Number one, commercial structures that minimize the volume exposure with long-term throughput commitments and limiting the capital cost and schedule risk. And for residual capital cost and schedule risk we have a state-of-the-art project management capability. We're largely focused on organic growth because in our view, that's what's going to add the most value.

And we'll also fill in though with medium-size acquisitions to sustain a particular strategy or to advance a new strategy. And finally a proactive approach to managing financial risk and those risks that particularly could impact on our performance and execution of the capital program. Now these factors that you'll see here are all scrutinized on a project-by-project basis through our capital investment review process. The root of this is to ensure that we have a high probability of achieving our targeted returns on projects or exceeding those targets.

So really for us, it's all about capital allocation and making sure we have consistency in how we evaluate projects simply because we have so much on the go that we need to have that consistency and ability to allocate the best projects.

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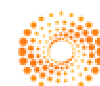

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Now, each of the business units is going to drill down on their own fundamentals in some detail, but let me just describe the big picture as we see it because it really drives how we see the opportunity set in the infrastructure business.

Globally, it's clear that we're going to see continued energy demand growth, some 36% by 2030. And that demand is going to be driven by emerging markets especially China and along with India it's going to account for about half the growth that you see with this green bar here.

Demand will be driven by also some other factors including the things you see on the chart, including supply being generated from natural gas and all other forms of energy. And natural gas is actually the highest. And gas will overtake coal we think by 2020 as the primary source of energy.

Now, the fundamentals on gas, we believe in very strongly, certainly with greater connectivity with LNG gas will be a reliable and low cost source of fuel for many years to come. It's a fuel of choice we believe for electric power generation due to low carbon intensity, but also it's relative ease of permitting and ability to ramp up quickly for peak and intermediate loads.

And it also creates a lower transmission cost environment given that we can locate those generation sources much closer to the demand centers. Although overtime, we will transition to a lower carbon economy, it's undeniable that fossil fuels will continue to supply the vast majority, some 80% of world energy use for the foreseeable future.

Now, nowhere is this more evident than in North America, this changing landscape. New technology of course is driving significant growth in oil and gas production across the board in North America, oil sands, unconventional tight oil and gas place and from offshore Gulf of Mexico.

This outlook, as you know, has created large price dislocations in North America and to world commodity markets for both oil and gas. The more pronounced recent price disparities have ameliorated somewhat but the fundamentals haven't really changed and Steve is going to go through the pricing dynamics for crude oil starting off here in a little bit.

Now the dislocations call for new energy structure to connect new sources of supply with markets. Market access as many of you know is the single most important issue facing our industry, creating excellent opportunities for us to attach supply to those markets.

At this moment, you're seeing an essentially a reconfiguring of the transportation grid in North America. In the past decade and before that, volumes have generally flowed from south to north wanting to reach inland markets. The objective today is to have growing inland production, access coastal or export markets and that comes from both a supply push and a demand-pull. And you don't often see that both at the same time.

And of course Enbridge with our systems in their position is right in the middle of that transformation-taking place today. Now things of course are never as simple as that. First, everyone wants a piece of the oil transportation pie. That includes competition from rail and barge because regional price dislocations have made those higher cost alternatives viable.

Now that said, our competitive position on main line and regional place like the oil sands or the Bakken allows us to continue a very robust outlook as you'll see and importantly allows us to maintain our risk award profile. Then there's what I refer to as the energy dilemma, on the one hand, we have significant opposition to it seems any form of energy. And pipelines are really the point of attack since we are the enablers of development.

Now, we all know that we'll need all forms of energy as we saw on the previous slide to meet the demand and that fossil fuels are going to be with us for a very long time. And most people understand that. And one for social benefits from energy, you see on the bottom right here a good evidence of that, we are actually received quite favorably in many communities. But there's another reality out there and that's that the public's expectations have evolved very dramatically in a very short period of time.

Demonstrating the need or the economic benefits and getting through the regulatory process is not enough to get public support today. The public wants us to demonstrate the safety and environment protection of our projects and they want us to get better as an industry and I'm not just talking pipelines here that refers to the entire value chain.

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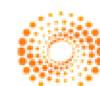

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So as we show on the bottom left here, the goal really is sustainable development. And basically that means we need to prove out not just the economic benefits, but also the safety and environmental aspects of our new projects.

Now, before I get into our three key priorities, I think it's important to put those priorities in context by looking at our enterprise-wide capital investment program. Very strong fundamentals especially for the crude oil side in the immediate future and our competitive position has us planning for a five-year growth capital investment of C$36 billion through 2017.

The total is just ahead of last year which means we've been able to grow our inventory of opportunities beyond last year even though we've moved the plan forward one year. But importantly, the proportion of secured projects as you can see here is much larger at C$26 billion. And remember the unidentified category here of C$10 billion represents an inventory of a number of projects that we probability wait and assume is in the capital category and we fund assuming that we will be successful there.

Now, those projects are the ones that you could think of as baking in the oven and some of those projects are arising nicely as they continue to bake long here in the process. So if you look at the chart, we've had great success both in terms of absolute opportunity set and securement compared to the prior two years. These projects carry attractive returns and I think this is very important to recognize and that's because they follow the reliable business model I've referred to and they will generate substantial shareholder value.

This is all provided of course that we can have the existing business foundation remain solid and that we execute this program well. That brings me to the three key priorities of which the first is continued intense focus on safety and operational reliability.

This graphic illustrates the main elements of our operational risk management program or ORM and that's geared to achieving industry leadership. And you're going to hear that theme over and over in terms of safety and operational reliability.

I'm very pleased with the progress that we've made towards this goal over the past years, four years rather, we've undertaken the most extensive maintenance, integrity and inspection program in the history of the North American pipeline industry.

By the end of 2013, we will have completed 500 in-line inspections across our systems and 10,000 verification digs. And this is over the three business units and using the most advanced technology that's available. We've also built the state-of-the art Liquids Pipelines control center, new governance structure and enhanced processes, and we're developing a strengthening of our culture, one that's focused on really prevention of incidents.

And finally, we're an adopter of new technologies, early adopter and we're partnering with leading vendors to advance R&D in this very important area. Now, this chart lays out our objective to achieve that leadership. You can see the stars here show where we fit on the quartile and the arrow show the ultimate goal.

As you can see at the end of 2012, we were in pretty good shape, though not all the way to where we plan to be by 2015. And to confirm that these stars are where they are, we have actually retained an independent outside consultant and some other experts to provide us that independent assessment and provided additional ideas.

Now, in order to achieve and sustain that objective, we're going to continue to invest and maintaining the integrity of our systems. In 2013, we're expecting this investment to peak to C$2.4 billion enterprise wide which will taper off as you can see here going forward.

So this would represent about 2.5% of PP&E by 2017 so you can see that declines from the peak and actually declines relative to 2011. Now, the reason for this ramp up in capital is pretty straightforward on two levels. First, safety and operational reliability is critical to maintaining the foundation from which we can realize the benefits of our capital program going forward. Put in another way, our investment and maintenance integrity is strategically and financially critical to achieving our goals.

Ultimately, we also believe this is where industry will need to go. And I think that we're going to be ahead of the curve. Our second priority is to execute this C$36 billion in growth. The result will be a continuation of our industry leading growth through 2017 and then beyond.

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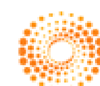

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There are three components of executing well. The first being on time and on budget management of the capital program, now Byron Neiles will take you through the various disciplines and get into the details of some of the projects that we're bringing into service over the next few years that you'll be interested in, but let me just make a couple of broad observations.

The key to execution today, at the end of the day, is the quality of the project management directors we have, the management team and the processes within that area which we've built up very nicely since we began the build out of our program back in 2007. So it gives us a great deal of confidence when we have a new project to be able to put people on these projects that can deliver the results.

Also key is how we've adapted our approach focusing even more effort on earning the confidence of communities and the general public. So what that means is we engage shareholders much earlier and much more often to understand their concerns at the outset and we incorporate their input into the projects.

You can see from the pie charts here, progress has been pretty good so far. First, last year to Q3 this year we brought in 15 projects worth about C$4 billion and this came in around 7% under budget and 13 of the 15 were brought into service on or ahead of schedule. On the right, we have a C$10 billion pie here. These are projects in construction today that will come into service by the end of 2014. You can see we're slightly under budget here and we have three minor schedule delays out of those 15 projects.

Given the importance of tight execution on delivering on our growth, we obviously sit with -- our executive team sits with the major projects people on a monthly basis to go through each project in detail. And finally on this point, I think this execution capability really provides us with a competitive advantage. And that's been demonstrated by the energy major selecting us for the largest and most complex projects whether that's moving oil sands out of Alberta or offshore Gulf of Mexico. And I think that capability helps us win the business.

Now an equally critical part of execution, we probably don't think of this in the same way as we do major projects execution on the ground, but certainly having the financial capacity to deliver on the capital program is very important.

Given the magnitude of the forward program, we've actively being pre-funding our requirements especially on the equity side. So this is a little bit different than the traditional approach where you fund construction with short-term debt and you take that out once the project is completed and simply because of the size and just the magnitude of the capital program.

We've also build up significant unutilized credit liquidity. Our interest rate and foreign exchange exposures are largely hedged and we're actively diversifying our funding alternatives to optimize the overall cost of capital.

Now, Richard is going to expand on this entire area in his section. Now, the third element of this execution, once again we probably don't think of this too often, but it's critically important. Number's wise, we've grown our staff over the last two years roughly by 30%. Because of that we're paying very close attention to how we on board new people and making sure that we have training to ensure that staff understand our approach to the business.

We've been able to attract good talent and being one of Canada's top employers has helped us do that. With the size and complexity of the organization as I refer to earlier, it's also important that we're developing leaders and leadership skills. And Karen Radford can provide some more color on this around our recently launched leadership program at the break or at lunch.

So as you've seen, we're in good shape to deliver industry-leading growth. We've got the projects. And there's a high degree of transparency to that growth based on secured projects alone. And as you saw, execution is going well. But the job of the management team is also to pave the way for the future.

So our third priority is to think beyond where we're going to be in five years to both extend and diversify that growth for the longer term. So you see on the chart here, we'll have very strong absolute growth in the business over the next five years. And that's going to be driven in large part, I'd say the lion's share by the Liquids Pipelines group.

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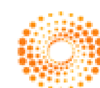

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Now while other businesses are contributing nicely here, it's hard to keep pace with the wealth of Liquids Pipelines and opportunities. So the slide is meant to depict that overtime, we hope to see a greater contribution from the other businesses to get more balance as they say in the mix.

Now having said that, we're not going to forsake liquids opportunities today that fits squarely in the middle of the fairway and that capitalize on our competitive position. This table captures in one spot the reasons why we have confidence in this notion that we can extend and diversify the growth beyond 2017. The strongest driver is the very substantial momentum of non-capital organic growth which is imbedded in a commercial structure of some of our largest opportunities that we have already secured.

Some of you know this as the tilted return profile which basically means that the returns jump after 2017 and we're going to put some numbers to that a little bit later on. Also new growth platforms are also part of the opportunity set here and those platforms align very well with that value proposition I mentioned earlier, so we're not going outside that box. And that includes power generation, electricity transmission international and energy services.

For example we've made some very good headway with significant investments in renewable power generation over the last five years. And you might recall that the Canadian midstream business that initiative that was originally a new platform is now in the core part of the business as we've advanced that strategy nicely.

For example as well, other areas in terms of transmission are now starting to play an increasing role. We dipped our toe into the transmission business with a project that we have in Montana and as well potential opportunity in Ontario.

Now, the nice thing and probably the key point here is that with our medium term growth pretty much locked down, we can bring these platforms along in a very disciplined way in preparation for them to play a bigger role later on.

Likewise, we're going to continue to develop our natural gas businesses at a measured pace in the near term to position them for the longer term. Another very positive factor is that all of the secured projects that we looked at before, the C$26 billion that we talked about are going to throw off a lot of cash flow starting in 2016 and then beyond. That means that we're going to be able to support a higher level of investment in those new platforms and natural gas infrastructure opportunities.

And depending on whether we see good opportunities at that time, we always have the option of enhancing dividend growth if we have a surplus. Lastly, you've heard us talk about the opportunities related to sponsored vehicles. Although sponsored vehicles will play a significant role in optimizing our funding sources over the next few years, the greatest potential for capturing value will come from the drop-down opportunities from the large inventory of cash flow generating assets that are going to be in service in 2017 that sit at the corporate level. And once again Richard will elaborate on that inventory and some of the new aspects of our sponsored vehicle strategy.

Now, to the outlook, here's where it all comes together, this unprecedented portfolio of investment supports a 10% to 12% average annual EPS growth rate out to 2017. The C$26 billion secured makes this growth highly transparent.

We'll benefit from the tilted return profile I talked about and a large portion of our capital projects that follow that profile plus contributions from new growth platforms. And also we'll have the ability to further optimize funding through additional dropdowns to the sponsored vehicle as I mentioned.

On to dividends, given that we're currently within our 60% to 70% payout range, the 10% to 12% that we're talking about in annual average growth through EPS should translate into roughly the same level of dividend growth.

After 2017, we'll have the potential to accelerate that growth given the likelihood of surplus free cash flow above the level required to sustain this industry-leading growth. Obviously that's going to depend on the magnitude of projects and the quality of those projects at that time.

So I'm going to stop there and provide my summary at the end of the day, but I'll leave you just with a couple of thoughts. I think many of you know, we have a large complex business throughout North America, but in some ways, the story that we have is pretty straightforward.

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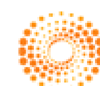

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The fundamentals driving the business are very robust, supply needs to get to market and there's a lack of infrastructure to get there and that bodes very well for us. What we offer is an industry leading growth model, a reliable business approach and dependable dividend income. All of that we think should drive excellent risk adjusted returns.

And finally putting pipelines in the ground today takes a lot more than design, construction and being able to operate, it takes a commitment to topnotch safety and environmental protection. Our stakeholders today have a much higher expectation for transparency, openness and engagement.

So these are the things that you need to be good at today. It's not just about operating well or putting things through a regulatory process and we think we are good at those key aspects of what's required today.

So from here, the rest of the management team are going to provide the details on that broad picture. Right now, I'll take some questions. We still have some time here. And then we'll have Steve Wuori and Vern Yu elaborate on the Liquids Pipeline side of things.

So let's open it up for questions.

QUESTIONS AND ANSWERS

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. Over, here Al.

Al Monaco - *Enbridge Inc. - President, CEO*

Hey, Andrew.

Andrew Kuske - *Credit Suisse - Analyst*

Just a question on how your government relations have changed over the last 5 to 10 years and really the outlook for that. And I asked the questions for a couple of reasons. Obviously you've got a lot of regulatory applications across a number of your businesses.

Some of them more difficult than other, some that were routine in the past now look a little bit challenged and then maybe more fundamentally you also have a government south of the board that has issues running itself. So how do you deal with all that and how has that evolved over the last 5 to 10 years?

Al Monaco - *Enbridge Inc. - President, CEO*

A very good question. Well it's evolved dramatically let's put it that way as I said in my discussion earlier. Today, it's not about the regulatory application and when we talk about the need to engage the government more and regulators more, that really stems from the need to effectively get the public on side and get as much public support as possible.

So what we do to deal that, deal with that obviously is we start a lot earlier in the process and that takes a lot of planning. It's not just submitting the application. It's thinking ahead as to what we need to do to engage the regulator. Bringing the regulator along on our plans as we go is very important to make sure they understand what's coming down in the future.

Also the relationship certainly with government officials and keeping them abreast of things is important so that they can have the ammunition and the facts set in order to help them make the case as they move forward. But it's a different environment and we're certainly focused on that

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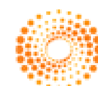

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as you glean from the remarks. It's our number one priority to make sure those projects can get executed well and starting early and talking off into regulators and the public is key.

A lot of it also has to do with being on the ground. And we are spending a lot more time as our executive team and others across the company to make sure that we're engaging with the public and landowners frequently telling them what we're up to. Transparency is a big issue today, Andrew. People want to understand what we're doing out there. Even the most benign of projects we require that we demonstrate exactly what's happening out in the field.

A good example is on line nine where we actually bring community members out to big locations to illustrate what's happening and take them through the logic of what we're doing and why we're doing it. So it's a whole host of things.

Carl Kirst - *BMO Nesbitt Burns - Analyst*

Al, Carl Krist from BMO.

Al Monaco - *Enbridge Inc. - President, CEO*

Hi, Carl.

Carl Kirst - *BMO Nesbitt Burns - Analyst*

A couple of questions. The first is this is a bit of the age-old M&A question but in your comments you sort of seemed to color to saying we might be open to medium-sized acquisition. I just wanted to better understand exactly what you meant by that if you could give more color on that?

And is that part of perhaps the growth beyond 2017, establishing these new platforms, or should we think about anything you take on, on that end as perhaps upside for a plan?

Al Monaco - *Enbridge Inc. - President, CEO*

Okay, well that's a great question, Carl. I guess let me start with a general proposition that for us, we have so much organic growth in front of us that it allows us to focus on the projects that are going to add the most value. And compared to the pure acquisition market obviously that would add much more value than pure M&A in this environment especially.

But let me just clarify what I meant there. So small to medium-size acquisitions will make sense for us when they can help us to round out the strategy. So for example a Seaway acquisition which I'd call sort of in the medium category at a C$1.3 billion really helped us solidify our strategy to get crude oil from Western Canada into the Gulf Coast. So in a case like that where we can build a strategy or solidify a strategy that makes a lot of sense and especially when it would, in gender, further growth upstream of the Seaway projects itself.

More broadly though when we're talking about a larger M&A, the issue we always face at Enbridge is that we've got such a robust base plan that you see here in the next five years. Whenever we layer on top a large opportunity and usually that will require a premium to make it happen, we find that it's diluted for growth.

So we can make the accretion economics work in many cases with larger potential M&A opportunities, but the problem is with diluted growth, the question is what are you doing to the value of the company? So we're focused on making sure that we're adding value for the shareholders and right now, that's largely in the organic category.

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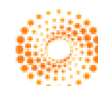

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Carl Kirst - *BMO Nesbitt Burns - Analyst*

Great. A second question then if I could is, and this actually kind of touches on Seaway a little bit, I'll ask it in perhaps a broad way, do you see any regulatory changes that could add friction here to this whole replumbing? And again, I'll say that throw that out broadly whether it's anything from perhaps outcomes of the Quebec rail tragedy to even just here with Seaway with this recent ALJ ruling kind of much lower rates. And I think anyone was expecting that almost kind of speaks to the heart of negotiated rates and I'm still trying to wrap my head around that. But do you see any changes on the regulatory side that can create some basically future hurdles here?

Al Monaco - *Enbridge Inc. - President, CEO*

Well, we're scratching our heads too on that regulatory decision and our view, strong view is that won't stand simply because it really goes to the heart of the contractual relationship between pipeline companies and people who ship. So we feel pretty confident that would be reversed and we're pursuing that right now.

As far as your more general notion, I think it will take longer to get through regulatory issues and the permitting process but having said that, we've had a pretty good success in that arena. In fact if you look at the history, we pretty much received 100% of the permits that we've applied for. So the issue is, as I said earlier, planning for and dealing with additional requirements by the public, by landowners and by the regulator, so those two are much intertwined.

So it's a matter I think of planning through that process and getting through it. If you look at it, things are taking longer. But we are having success. So in a nutshell, I think we are going to solve the problems. We are having success. It's just taking a little bit longer than we'd prefer.

Carl Kirst - *BMO Nesbitt Burns - Analyst*

Thank you.

Al Monaco - *Enbridge Inc. - President, CEO*

Linda, go ahead. You need the mic? Yes.

Linda Ezergailis - *TD Newcrest - Analyst*

Thank you. I can appreciate that you have a huge runway of organic growth in front of you on the liquid side and that you'll take a more measured pace in some of your other business lines. But when I look at your graph on page 16, I can't help but wonder if you perhaps could benefit from a little bit more scale in your gas business and other businesses. And I realize that you're benefiting from cost economies et cetera that are transferable but this huge rewiring on the liquid side is also going on, on the gas side, one can argue a global scale, not just a North American scale.

And I'm just wondering how you think about that over the next couple of years? How you can not lose ground potentially to some of your competitors on the gas side that do have that scale?

Al Monaco - *Enbridge Inc. - President, CEO*

Yes. It's a very good question, Linda. First, let me just restate that from the gas perspective, we think the fundamentals are extremely strong. So we agree with your premise that it's in the area that is going to have good growth in the future.

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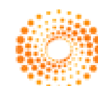

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I think the way we look at things today is that if you look at our gas assets throughout North America, I would characterize them as although they're not integrated within each gas franchise or competitive position is extremely strong whether it's alliance, whether it's in the utility or whether it's in the GNP business within their core areas.

What I would say though is that while we do this build out and our growth is locked in, we definitely got our eye on ensuring that we're bringing the gas business along. Now maybe that's not going to happen at the pace of the liquids pipelines growth, but if you kind of step back and look at the areas that we're pursuing, Canadian midstream being one, I think that's a tremendous opportunity.

We all know about the LNG opportunities on the coast, but it's going to take a lot of infrastructure particularly in Northeast BC to make all of that happen. So the acquisition of Cabin and then the Peace River Arch gives us a very good starting point and we're building out our opportunity set there.

If you look at the Aux Sable and Alliance assets for example, that provides a good conduit and pathway while LNG is being developed. The reserves for LNG aren't just going to happen overnight. They're going to be drilled for a long period of time and having those assets there is a good advantage.

So let's say the Canadian midstream is a good demonstration of how we're bringing along. Another one I'd say is the offshore business. And that has been traditionally gas focused, but that expertise is also going to help us deliver some opportunities on the ultra-deep and deep oil side of the equation as well.

So I guess we'll bring it along if we've seen an opportunity that make sense, we'll always have a look at it. But for now, we're pretty full. But once again, the key is we're in good position because during this next four to five years, we're not scrambling for growth. We've got lots of it. And it allows us to be disciplined on the gas side and other sides.

Okay, so we are going to leave it there, slightly over. The others can make up time. So let's bring it over to Steve Wuori and then Vern Yu will also be making some comments as well.

PRESENTATION

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Thanks very much, Al. Good morning, everyone. I think what Vern and I would like to do and then the panel that will follow is dig into the fundamentals of what we're doing and really unpeel why we're doing them. I think it's important in a business that's very much influx and with a lot of changes going on, it's really important to, A understand the market, B, understand the drivers that could change the market and then make sure that the approach that we're taking to the development of the Liquids Pipelines business really resonates against those themes.

Before, I go further though, I wanted to share with you four themes to watch and one question and then after that we'll only deal with the middle three things. The first theme is something that not everybody has their eye on and that is US refined products exports.

That's a sleeper issue that many are aware of, a lot of diesel going to Europe, the dieselization of Europe and so on. But most people aren't aware that 2.8 million barrels a day of refined product in various forms leaves the US shores and is exported to places like Europe. About 350,000 barrels a day of gasoline, about 1.6 million barrels a day of diesel, distillates and so on and another 160 a day roughly of jet fuel, kerosene and then a whole host of heavy bunker fuels and other things.

And so refinery runs in the US as a consequence are up 1 million barrels a day year over year. And many people don't realize the tremendous output from US refining that has come about because of the availability of the Canadian heavy oil, the Bakken crude, the Eagle Ford and others we will talk about. So keep your eye on those things. There's a real run up if you will in the refined product export market coming out of the US And quite honestly that creates US manufacturing jobs. And many of the US Gulf Coast refiners will make the point that if I take a Canadian heavy barrel converted into gasoline or jet or whatever and export it, that's a US manufacturing job. So keep your eye on that.

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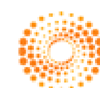
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And that's all in a flat-demand market in North America. So you've got crude runs increasing and yet a very flat demand market.

The second theme of course is North American supply and we want to spend more time on that in terms of the growth that's coming out of Canada in the various shale plays. So that's one that we'll want to talk about more.

The third is price differentials which we will also talk about. They're variable. They certainly don't seem to stabilize. They're very different on the oil side than on the gas side where gas pipeliners are longing for some price differentials and crude oil pipeliners wish they would stabilize a little bit. And so the trick there is to understand the differentials and where they may go.

The fourth point is one that I'll touch on briefly and that is that the pipeline system in North America generally speaking, in the tide water areas was designed to take crude from tide water and move it to inland refineries. And now, of course, the entire system is being turned on its head and there's a desire to reverse all of that and trying to figure exactly how to go in an outward direction rather than an inward direction is part of the gain that we're all in the middle of.

And then the last thing is just a question, not a trend certainly and that is the question of whether there will be exports of US crude oil to places other than Canada and Japan. That I will not attempt to answer today. We don't know if the government will be running pass midnight tonight let alone if crude oil exports will be on the table. But that's one to watch for the future.

So we'll not going to talk any further right now about US refined products exports, so I will encourage you to keep your eye on them because that is a sign of the strength of the US refining sector, the margins are strong in North America generally as I will talk about in a few weeks in Europe. Many people don't realize that the current differential or the current margin for a refiner in Northwest Europe is under $2 a barrel, sometimes it goes negative versus the high that the Midwest US refiners had at $36.50 a barrel as I'll talk about later.

So we won't talk a lot about refined product exports or crude oil exports, but we will dive into the other three.

Before we do that, I just want to have a quick reflection on my team and the ones that are here and I'll just ask them to give a quick wave from wherever they're sitting. So as Al mentioned, the Chief Operating Officer is Leon Zupan sitting right there. He'll be joining our panel at the end of the Liquids Pipelines section.

Vern Yu who you'll hear from is there in the front row, Byron Neiles who is the Senior VP and Head of Major Projects is here, and David Bryson is also here. He's VP of Strategy and Integrated Services. Sonya Buys and Bill Ross round out the team and then of course as Al mentioned, a late breaking news Guy Jarvis is rejoining Liquids Pipelines as EVP and Chief Commercial Officer.

So let's take a look first of all at the issue of crude oil pricing and differentials. And I would highlight this slide by saying that supply growth has outpaced development of pipeline infrastructure. That's issue number one. And that has resulted generally in weaker net backs for producers and revenues to governments. That is the fundamental issue with the price differentials that we have seen. And of course, for every differential, there is two sides of the trade; one loser equals one winner and we'll want to talk about where that all comes together.

And as I mentioned, all that the gas business could have a differential problem like this because if you talk to long haul gas pipeline companies, the issue is there's no basis anywhere. There's no basis differential to justify the transportation cost between points. There's gas everywhere. Whereas in the crude oil world, it's quite different. So let's just unpeel a few of these.

First of all, let's start with the Canadian Heavy Barrel, the WCS, Western Canadian Select, which is the marker for Canadian heavy oils generally, versus a Mexican Maya barrel, which is roughly an equivalent assay barrel in the Gulf Coast. That's $24 differential. The year average is $26 a barrel but keep in mind that in July of this year, it went down to $8.88. That's a breathtaking change.

And that, you will recall, happened when there were supply shortfalls and lots of demand in the Midwest. And that differential actually fell below the cost of transportation or right around the cost of transportation to the Gulf Coast. So that's one to watch.

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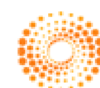

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The second one of course is WTI to LLS, West Texas Intermediate priced to Cushing to LLS, Louisiana Light Suite priced on the Gulf Coast. Very tight, $2. It has been at a low of $0.80 but the year average is $14 a barrel. So again, it gives rise to the notion that these differentials are tremendously variable.

Another one of course, is Bakken. And for us especially as we prosecute our Sandpiper Project that Vern is going to talk about, the Bakken differential to LLS or Brent is very important, $9 a barrel as of, I think, I think it was last Friday when we priced this chart. The year average is $16.80. And do I have volume back? Thank you.

And so those are some of the numbers that we keep our eye on. And of course, Bakken to Brent is about $16 a barrel. So what we've seen recently is a tightening versus the year average. We're seeing differentials generally tightening in, in many ways in these key markets.

And also I would add that if you're watching it, you'll get a little dizzy because plant and refinery maintenance, upstream and downstream, adds to the daily and weekly volatility of these differentials tremendously. So it's very hard to establish a trend with a single point or even two points because there are so many factors that weigh in on the differentials.

But having said that, these are trends that have endured. There are these differentials and our job is to see what we can do to develop pipeline infrastructure to take advantage of those differentials. So we have a time tested and true mathematical formula that you'll all remember from high school and that is rising North American supply combined with flat North American demand, added to by public opposition to infrastructure and transportation bottlenecks, equals volatile price differentials. It's time-tested and true and we came up with it about a week ago.

But that is the situation that we are very clearly in and those volatile price differentials tell you that you do not know, none of us, exactly where they are going to be in the future. So what does that mean? And this is one of our convictions. Show the barrel to as many refineries as you possibly can to make sure that you can take advantage of differentials wherever they are. Do not build pipelines that go nowhere for thousands of miles and then go to one refinery or two refineries. Don't do that.

Take advantage of the refining infrastructure in North America and build projects that will show that barrel for all of the future to as many of those refineries as possible so that you have the flexibility with long-term infrastructure to take advantage of where the demand is going to be. And that's one of the convictions that we have as we build out our system.

Let's look in quickly at supply. And basically, I would use this slide to say supply is fine. Geology is fine. Generally speaking, the regulatory environment on the crude oil side is fine. There are some issues around fracking in certain states that have gas potential production like New York State for example.

But generally speaking, North Dakota and in Texas and in Ohio and places like that, the regulatory environment is fine, the geology is fine and the supply growth outlook is absolutely fine. And if you look out to 2025, which this chart does, it shows a projected 7 million barrels a day of growth using our forecast and some external forecast. About half of that coming from the Canadian oil sands, and the rest coming from the shale plays that are generally shown on the light crude side on the right hand part of the chart.

The Bakken peaked at a record, 874,000 barrels a day in the month of August, and the state, a couple of days ago, was quoted as saying that they expect by 2017 that that number is going to be 1.6 million barrels per day. Now, some say, "I'm going to pull up a lawn chair and watch that happen because that's a long way and a lot of growth." But it tells you the bullishness that there is in North Dakota, particularly around the Bakken growth.

Our own forecast, as Vern will show, is more moderate and modest than that. But it tells you that the geology is there, the political will is there, and the economic justification is there to ensure that Bakken growth is going to continue. The Eagle Ford is up 60% year over year at 650,000 barrels a day in the month of August. That's a remarkable growth for that very, very light oil play there in South Texas.

The Permian is coming on very strongly. Things like the Utica Shale in Ohio, a little bit. Other plays like Mississippi Lime, Cline Shale and other things that you'll start hearing about in the mid-continent are in the other category. The Niobrara in Colorado, the Denver Julesberg Basin, that is a play that is sitting there, not drilled up heavily yet but certainly has good geologic prospectivity.

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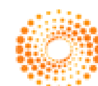

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And then you see the three shales on the top of the chart that are all in Alberta; the Cardium, the Viking and the Duverney. All of that adds together to about 7 million barrels a day of growth by the year 2025. So supply is fine.

Looking in at the issue of particularly WTI and WCS. You see, disadvantaged crudes versus the index along the top mark. You'll see that generally that both WTI to Brent and WCS Maya has had the spreads that we've talked about. They hit their nadir, I guess, you would call it or through a refiner, their zenith when they hit, particularly for WCS, $40 a barrel off of Maya in a couple of different points since 2010. And this really started in 2010 with these dramatic differentials in crude pricing.

You see that various pipeline projects and rail, those differentials has started to tighten in, generally, but the point of the slide is to say that there is one chronically disadvantaged crude, and that is WCS. The Canadian heavy barrel is chronically disadvantaged and therefore it is trading at more than transportation cost and differential and to a pipe liner that spells pipeline opportunity.

There is another side of this story, and I said, for every differential there is happy and an unhappy or moderately happy and moderately unhappy parties on each side of that. So the refiner story is kind of shown here. For a Midwest refiner that has coking capability, and was running a Canadian heavy barrel in the month of August, the margin on average was $36.50 a barrel.

The Gulf Coast margin was $8.50 a barrel, lower than that at the same time and the East Coast margin was $14.50 a barrel, lower than that for the refiners that are there. But this chart really shows that the Canadian heavy barrel grants the highest margins to those who have the capability to process the Canadian heavy barrel. Those will be the cokers in Minneapolis and Chicago and Detroit principally and then of course, also down in the Gulf Coast.

So our philosophy is heavy to heavy, light to light. Move heavy to refineries that run heavy, move light to refineries that can process light. And you can see there that there's a tremendous amount in the upper PADD II area which is the prime market for Canadian crude. You see the penetration of Canadian crudes there. A tremendous heavy market and the more moderate and a strong light market as well when you consider the Bakken.

PADD III of course has a tremendous size, just the scale of it at 8 million barrels a day in the US Gulf Coast. A pretty small penetration by Canadian crude as of 2013 and that's one of the areas in which through refining in Salt Sea Way and other projects, we want to see that grow.

And then over on the East Coast, you can see a lot of light crude capacity, very little heavy crude capacity. A very small heavy refining market up and down the Eastern Seaboard and including Atlantic Canada. About 200,000 barrels a day of heavy crude processing capability in that area, complicated by the fact or in the view of the refiners, aided by the fact that there is great amounts of new production likely to come on offshore.

You'll notice that Exxon Mobil has said that their Hebron Project offshore of the East Coast is going to be producing 150,000 barrels a day by 2017 of a medium to medium heavy crude oil, right there. You also saw last week that Statoil and Husky had made announcements about the offshore Newfoundland plays that have prospectivity they say in reserves of some 600 million barrels. And so you have a tremendous amount of indigenous supply right there on the East Coast to supply those refineries.

Line 9 is intended to bring the Bakken barrel, the Western Canadian barrel, predominantly light, to those refineries in Quebec that have been served by, principally Brent and West African crudes. And that's really where Line 9 sits right now with the regulatory hearings starting next week and concluding by the end of the month. But generally, this follows our philosophy of heavy should go generally South or Midwest and then South and eventually to the West. And light oil should generally go to the East in terms of new production.

This chart is pretty simple. It really just shows the trend of what's happening with so much Canadian and US production. It really means that the foreign import barrel, the green bar there is being squeezed out. That would be Middle Eastern, African, North Sea Mexican and Venezuelan barrels that are getting squeezed out of the market over time as you look at the production forecast.

And the bringing it all together, in terms of projects, and Vern has better slides that this one. But this really shows what we have in terms of secured growth. And the things that we've put into service this year so far, include Line 5 expansion at 50,000 barrels a day. That's a light oil expansion going over the top.

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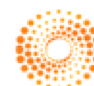

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Line 9A reversal which occurred in the early part of August where Line 9 from Sarnia as far east as about Hamilton, the Westover area, started flowing eastbound at 50,000 barrels a day for the Imperial Nanticoke Refinery. Line 17, which is the Toledo pipeline. Actually, did I overdrive your system? Sorry. Whenever the sound guy goes, I've learned that's a bad thing. Actually, it's back. Thank you.

So Line 17, 80,000 a day of incremental heavy capacity into the trade refinery of marathon. And then a lot of plumbing around the Chicago area, Line 62 in the Chicago which is a short link that's barely noticeable on this chart, is all enabling by the end of this year. 250,000 barrels a day of incremental flow going into the Chicago area refineries.

You then have Flannigan South and Seaway expansions (inaudible) at 2014. You have Southern Access extension in 2015, down to Patoka. And the Line 9, which is shown there, also in the middle of 2014. So that kind of brings the picture together in terms of secured growth, and Vern will get into more of what we're doing.

The last slide that I have before I turn it over to Vern is really resonating on the theme that Al introduced, and that is system safety and reliability. And I guess, I just can't emphasize enough, as Al did, that the importance of making sure that process safety is followed is absolutely paramount. The two goals of process safety are maintain system integrity and protect the people. Those are the two things that I think are really critically important when we think about process safety in the liquids pipelines business.

And the use of technology as is shown here, and I won't go through of these, but using the technologies that are the latest, that are available in helping developing technologies that are the latest available in the world, very aggressively, we really believe is the key to this. Using technology to help with the things that you can't see from above ground.

So medical imaging technology, now being used in the crack detection tools that we're running in the system. That's never been done before and really pushing the envelope always to find the smallest flaw that can be detected and pushing the envelope by detecting smaller and smaller flaws.

Following our philosophy, as we have now in the company that no spill is acceptable. We will never have a situation where anyone can say, "Well, you got to expect that. It's a big system. You're going to have things go wrong. That is not the mindset that we're pursuing.

So I want to leave you with that though because I think it's critically important; one, that you have the foundation of a tremendous amount of work that's gone into the maintenance of the system, the maintenance in integrity capital as Al mentioned, which is unprecedented. But it's all designed to say that no spill is acceptable, we will maintain system integrity and protect the people.

So with that, I'd like to turn it over now to Vern. And then we're going to have actually a panel discussion where you can bring forth all the questions. Thanks.

Vern Yu - *Enbridge Inc - SVP - Business & Market Development.*

Well, good morning. Thanks, Steve. What I'd like to do is just expand on some of the points that both Al and Steve already touched on, and how -- really, what we're trying to do for our customers is to, on the producing side, improve netbacks for producers. And for refiners, ensure that they get the right crudes for their refineries at competitive pricings.

So that's the really the thrust of everything that we do commercially at Enbridge. So let's start with this first slide, really talking about what's happening in Western Canada and production coming out of the oil sands. This is a busy chart so I'll kind of spend a few minutes going through it.

So the black line is our base case forecast for production growth coming out of the oil sands. And you can see that goes up pretty significantly in the term, and then tapers off a little bit towards the end of the forecast. We also have a high side forecast there, which is our internal forecast for higher oil sands growth. And really, that's predicated on having take away capacity available to producers.

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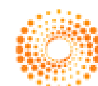

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So if some of the projects that have been announced, actually, get regulatory approvals and get constructed, we expect that there will be ramp up in oil sands production. So the difference between the high case and the base case is primarily the deferral of a couple mining projects and a slower ramp-up of some waiting projects.

The next line I wanted to point out is the red line, which is about 10% to 15% about the supply line. And really, what that line shows is probably the optimal pipeline capacity command of the basin. And really, what we want to do with that is pipelines have issues occasionally. Supply grows in fits and starts. So the producers would always like to see some excess capacity coming out of the basin. So in an ideal world, you add 10% to 15%, extra pipeline capacity, above supply growth.

So what that means today is that we're pretty much right on where supply and takeaway capacity are probably too tight, where there is just enough to get the crude out. But as supply growths over the next couple of years, and projects are slower to have been delayed. So that means there's going to be a lots of fits and starts for producers with volatile differentials.

So obviously, there's a hashed area on the chart and then there's a solid area in the chart showing pipeline capacity. So there's a bunch of projects that have been announced including Keystone XL, Gateway project, the TMX expansion to Vancouver and finally, Energy East, which is the trans-Canada project to the East Coast.

While of those projects would provide significant capacity of the basin, obviously, there's a whole bunch of uncertainty around those projects. And we've sort of giving, on this chart, a start date where we see it's probably the best possible start they would be as early as Q1 of 2016. And then there's probably about 24-month window for each of these projects when they could come in to service.

So really that means that there is a fair bit of uncertainty for Canadian producer about pipeline takeaway capacity. And that really means that we have to do everything that we can do to optimize our system, to get more crude out of the basin.

So in this year, we've done a lot of work as far as debottlenecking the system, getting rid of bottlenecks on the system that allow crude to get further through the main line. We've also had to co-mingle different types of crude so we can just push more crude through our systems where we may have been tankage limited. And then finally, we've obviously got a very big and broad set of expansion projects to add capacity to the system.

So let's dive a little bit into the projects in each of the individual areas. Let's start with Alberta. In Alberta, we are the largest pipeline operator. We operate the Waupisso and Athabasca systems. These regional systems together provide about 1.1 million barrels of capacity from new oil sands to the main pipeline Hudson-Edmonton and Hardisty.

We're also in the process of both adding about 900,000 barrels of the incremental capacity from the oil sands to the pipeline hubs, through the twining of the Athabasca pipeline and the construction of the Woodlands extension for the Kerl project.

Demand in Alberta continues to be extremely strong. We haven't seen many producers come to us looking for lateral facilities to our regional pipelines, as well as there continues to be a very strong interest for more pipelines from the oil sands to the Edmonton and Hardisty pipeline hub. So we expect by the latter part of this decade that we will have enough commercial support to build another pipeline to Edmonton and another pipeline to Hardisty. So all in all, these projects represent about C$4 billion of incremental capital that we've yet to secure.

I want to just to spend a couple of minutes on a project that we probably haven't talked a lot about within Alberta, and that's an industry diluents pipeline which we call Norlite. Historically, producers have used dedicated proprietary condensate pipelines to get the condensate up to their oil sands plant and then move to help them blend it with the bitumen and move it on the main lines. What we found is by being able to offer an industry solution; we are able to offer lower tolls to our customers.

So we've made strong commercial progress over the last few months where we've been able to aggregate up some volumes to make an industry pipeline work. So we're pretty much at the final stages of getting commercial support with a few anchor shippers to make the project go forward.

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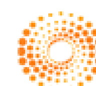

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So in that case, we would be building a 16-inch pipeline that would move 200,000 barrels a day of condensate from Edmonton into the Fort McMurray area and that would be about C$1 billion of capital. If we're able to get a few more shippers to sign up for this pipeline, we can upsize it to a 20 or a 24-inch pipeline and we can move close to 300,000 barrels in that case. And we hope to finalize these commercial discussions in the next few months and be able to formally announce the project.

So Alberta has obviously been busy, and as Steve mentioned, the Bakken continues to grow at just an extraordinary pace. The growth in the Bakken has obviously exceeded anyone's expectations. And now the various supply forecast call for anywhere from 1.2 million to 1.6 million barrels a day of light crude production by 2020.

And we found that this is an area where pipeline infrastructure significantly lag supply growth. So while that infrastructures lag, rail companies had been very successful in using their product to get oil to market. And that's historically been because the smaller producers in the Bakken haven't been anxious to sign-up for long term take or pay shipping commitment. But we've seen, as the Bakkens grown that the larger producers are now in the area and those companies have the balance sheets necessary to subscribe for pipeline.

Rail recently had the advantage of being able to access premium markets both on the West Coast and on the East Coast. But what we found is with the tightening of the WTI to Brent differential that the amount of crude moving by rail has decreased and a significant amount of crude has come back to the pipeline market.

And we expect that to continue and the reason for that is that our system will be able to now, into not too distant future, access premium markets where the Bakken light barrel will be able to get pretty much a world price, either in Montreal or in Patoka. So historically, the Bakken barrel has been discounted to Cushing price but going forward when pipe connected to large refinery markets that you should be able to get a premium price. And on this slide we show that by pipeline, Bakken crude should have a $7 advantage to get to Montreal versus rail, and to Patoka with $4 a barrel.

So we've been busy in the last few years in North Dakota. This year we put in to service our Bakken expansion project, which is about 600-million projects that moves 145,000 barrels a day through Canada and then on to the Enbridge mainline. We've also spent about 100 million on gathering laterals to feed the North Dakota system and the Bakken expansion project. And finally, the summer, we build a rail loading facility in Berthold where we spent roughly about C$100 million to move, unit trains out of North Dakota where, there's a lack of pipeline infrastructure.

But the next thing that we're going to do in the Bakken is our Sandpiper project, which is a very large pipeline to take crude out of North Dakota. This project will add about 225,000 barrels a day, pipeline takeaway capacity out of the basin. I think most of you, we announced this project last year but we ran into a hiccup earlier this year where the FERC denied our original petition for declaratory order on the rate structure for this pipeline.

The primary reason for us getting denied that that petition was the fact that we asked for a pre-approval of the economic parameters that went into the tolls. Generally, that's not something that FERC does for oil pipelines. Generally, the FERC rule is to -- you would build your pipeline and then 60 days before you put into service, you would file with the FERC, your economic parameters for the tolling.

Given that this is a C$2.6 billion investment, we weren't comfortable doing that, so we asked the FERC to pre-rule on those economic parameters. They chose not to so what we've had to do is really effectively rework the project, in terms that where we could be comfortable and where we would be confident in getting regulatory approval.

So we've changed the pipeline to where it's not a common carrier pipeline with the rate basis just rolled in to the existing North Dakota rate base. We've structured the pipeline now where it's primarily a contract pipeline and a small amount of slot space will be available and that slot space would be rolled into the existing North Dakota rate base.

We're very much in the final stages of landing an anchorship here to support the project. And that anchorship will provide us enough capacity and commitments to make the project go forward. So with that, we expect to launch an open season in the latter part of this month for the small amount of space that remains uncontracted. And once that open season concludes, we would then file a new petition for declatory order with the FERC where we've already reviewed the rate structure with those FERC and commissioners and would expect deposits of outcome.

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So moving forward to some of our market expansions. Obviously, one of the big ones we have is our US Gulf Coast access project. Well, obviously, that started with the Seaway acquisition and its reversal in early 2012. That allows roughly, about 300,000 plus barrels of mixed crude not to move from Cushing to the Houston refining market. We will be twining the Seaway pipeline early part of next year. And that effectively, will increase the capacity of the pipeline by 500,000 barrels a day.

Our Flanagan South pipeline will twin our capacity of our spearhead pipeline from Chicago to Cushing. That pipeline is expected to go into service the middle of 2014 and initially, that will allow 600,000 barrels of primarily heavy crude to move from Chicago to Cushing. And I should note that that pipeline is expandable to about 800,000 barrels a day.

So all in all, we're spending about C$5.2 billion on these projects. And really, this will provide the link for Canadian crude to move all the way from Western Canada through Chicago, Cushing down into Houston and Port Arthur. So, by the middle of next year, we should be moving very significant amounts of heavy crude to the US Gulf Coast through the Enbridge system.

The next series of projects that we have is what we call Eastern Access. And Eastern Access is really about making sure that the US Midwest refineries in the Chicago area and Eastern Canadian refineries in Sarnia and Nanticoke and Montreal have access to both light and heavy crude.

Light crudes would obviously go to refineries in Sarnia, Nanticoke and Montreal. Heavy crudes would obviously go to Marathon's Refinery in Detroit, BP's Refinery in Toledo, and the Whiting Refinery just outside of Chicago.

So Steve's mentioned some of these already. We obviously put Line 5 into service earlier this year and then that allows 50,000 barrels of light to reach Sarnia. We've twinned Line 17, which allows more heavy crude to get to the Detroit Marathon Refinery. We've reversed Line 9A which obviously allows the Imperial Refinery at Nanticoke to get light crude from Western Canada and the Bakken. And then we're doing some more plumbing work in the Chicago area to ensure that Whiting's able to move that incremental 250,000 barrels of heavy crude to that refinery.

So, really, this is a story of both supply push and demand-pull where these Midwestern US refineries and Eastern Canadian refineries want to get access to this price disadvantaged western crude.

So, the last major market extension I was going to talk about is our Light Oil Market Access project. And this is really about getting light crude from both Western Canada and the Bakken to Quebec and to the pipeline hub in Patoka.

The supply for this project is primarily coming from the Bakken through the Sandpiper project. And through this Light Oil Access project, we're going to upsize Line 9B and we allow a full 300,000 barrels of light crude to get to the Quebec refineries. The twinned Line 62 to push crude from Flanagan back up into Chicago and then through 6B onto Quebec.

And we provide access to Patoka through the Southern Access Extension. So the Southern Access Extension would be a new built pipeline from Flanagan to Patoka. And Patoka is a very major pipeline hub where there are about 800,000 barrels of light refining markets east of Patoka. And some of the refineries are the Robinson, Canton, Catlettsburg refineries owned by Marathon and the Husky Refinery at Lima.

So again, this project is a supply push from Bakken producers and Western Canadian light producers as well as a demand pull by the Eastern refiners who want access to this cheaper crude.

So, to make all of these market extensions possible and the 1.7 million barrels of incremental markets that we've created with these market extensions, we have had to invest in our mainline as well. So, we're making investments in mainline terminals, and that's all the way along our system, C$600 million of total investment coming into service between now and 2015. We're adding another pipeline between Edmonton to Hardisty, and that's about a C$1.8 billion project and that is expected to come into service early in '15.

We're adding pumping capacity to Alberta Clipper to take it to its full hydraulic capacity of 800,000 barrels a day. That capacity will come on in stages between -- in 2014 and 2015. That's about C$1 billion investment.

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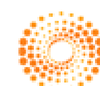

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And then finally, with the Southern Access Pipeline that runs from Superior to Flanagan, we will also be taking that to its full hydraulic capacity of 1.2 million barrels a day. And again, that'll come into service in phases in 2014 and 2015. And that's an investment of C$1.3 billion. So obviously, we've been very busy and active on the mainline to make these market extensions work.

Let's just shift gears for just a quick second and talk about Southern Lights. Southern Lights is our condensate pipeline that runs from Chicago back into Edmonton. That pipeline was completed a few years ago. But the pipeline wasn't fully subscribed when we built it, so we ran an open season for the remaining uncommitted space earlier this year. That open season was massively oversubscribed. So, the shippers asked us to see if we could further expand that pipeline.

So by adding more pumping stations, we're able to expand the pipeline by almost 100,000 barrels a day. That would require a C$700 million investment and we could probably have that pipeline in service late in 2016. So we're in the process now of going through our commercial terms and we expect to have an open season towards the end of this year. And again, we expect this pipeline to be highly subscribed when we run that open season.

So, we've been extremely busy with a number of market extensions and mainline capacity additions. And I think this slide is just intended to show that while we had done all these things, we still haven't finished. There's many other projects that we're working on to even further expand the reach of crude markets for the Western Canadian producer and the Bakken producer.

Obviously, one of the big projects that we're working on that we haven't talked about yet today is Gateway. I'm sure Janet can answer any detailed questions that come up a little bit later. But we've finished the regulatory process with the Joint Review Panel. We expect a decision from the Joint Review Panel at the end of the year. And they would make a recommendation to the cabinet at that point in time.

We'd all be hopeful that the federal cabinet would make their decision in the middle of 2014. We expect that there would be some appeals to that decision, and that would take us into early 2015. And at that point, we would be able to start construction which would allow for somewhere around a 2018 in service date.

Obviously, that is a lightning rod project where we are actively working on building more support in BC for the project. We do have other expansion available to us. I did mention Flanagan South and Seaway. We can add more pumping stations to those two pipelines and move at least another 200,000 barrels a day to the US Gulf Coast. And we could do that by late 2016, early 2017.

We've just concluded open seasons for a expansion of the Southern Access Extension and Energy Transfer just also ran an open season for the Eastern Gulf Crude Access pipeline. Those open seasons concluded yesterday, so it's a little bit too early to discuss where we've gotten with those.

And then finally, we're actively trying to do a pipe to rail strategy in the Chicago area. There are markets that are going to be very difficult to reach by pipeline. Philadelphia would be one of those markets. So we think the better way to reach that market is to bring the crude as long as you can by pipeline, effectively to Chicago, and then move the crude from Chicago to Philadelphia.

We think that we can move anywhere from 100,000 to 200,000 barrels a day through that strategy. That would significantly reduce the transportation cost to get that crude to that market. And it would also make the rail carrier and rail infrastructure much more efficient. Similarly, we think we can access the East Coast Canadian refineries by a pipe to rail strategy as well. And that could possibly be, again, 100,000 to 200,000 barrel a day market for us via Chicago.

So, that's a big run-through of all the different projects that we're working on. But I think the key takeaways to leave you with is obviously, the fundamentals are very strong for continued development of commercial projects in the liquid pipeline space. Our goal is obviously to ensure that our customers on the producing side get the best netbacks, and on the refining side that they have access to the right crudes for their refinery. And then the final takeaway is obviously on the regional side of things; there are very, very strong opportunities for us.

So that ends my presentation and I think we'll start the panel now.

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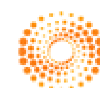

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QUESTIONS AND ANSWERS

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Okay, thanks Vern. Let's get the Liquids Pipelines Panel here. Leon Zupan, Chief Operating Officer; Vern; and then Byron who you'll hear from more formally later is also going to join the panel because a lot of what Byron's team is working on are liquids pipelines projects. So, let's open it up to your questions.

David Noseworthy - *CIBC World Markets - Analyst*

David Noseworthy, CIBC, just we've heard a lot of announcements recently, Polaris Expansion, Cornerstone Pipeline, and obviously your solution for diluent [open to] the oil sands, the Norlite. Do you see sufficient demand for all these pipelines to be built?

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

I don't think all of them, no. And, of course, there, it will be a matter of who contracts the barrels soonest in many cases. The need for diluent is there for sure as it's apparent that we're not going to see upgraders getting built in the oil sands. It means that more diluent is necessary. And condensate is a much more effective diluent than using synthetic crude as a diluent.

So, there certainly is the demand for it. And I think what each of the pipeline companies are trying to do is to secure the customers for their own projects. And that's what we're doing with Norlite. I suppose in the fullness of time, we could argue that all of them could be needed.

But generally, if, for example we build Norlite, it will have a baked-in expansion capability like most new pipelines would where you could add horsepower and we would plan to do that.

David Noseworthy - *CIBC World Markets - Analyst*

Maybe just a quick follow-up. How does security of condensate supply play into the oil sands diluent -- your oil sands diluent strategy and -- well, maybe you should do that first.

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Yes. Well, it's important. As Vern talked about the expansion of Southern Lights, there's a tremendous demand for moving condensates from the Chicago area generally up to Alberta. So that could be southern condensates, it could be coming out of the Eagle Ford. You could see Eagle Ford, Texas condensates moving up to Chicago and then into the system. There's a lot of different ways to get condensate to Chicago.

And so our project, the Southern Lights project, it's important that that supply be there. Kinder Morgan has a project. They're taking the Cochin Pipeline and reversing it. That's a 75,000-barrel a day condensate project. It is only a 12-inch line, so that's about all you're going to see out of that in terms of volume. But that is an indicator also of the demand. And basically, what it will do is supplant the rail movements of condensates that are moving into Alberta that way now.

David Noseworthy - *CIBC World Markets - Analyst*

Do you see distinction, though, between having the pipeline and having the marketing capability that perhaps you get with Keyera, and is that something that you want to see in-house or are you happy to have a third party provide that for you?

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Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Keyera has been a valued partner at Cheecham. Keyera also has very good plumbing in the Edmonton/Fort Saskatchewan area. And that I think has been helpful. You'll notice on Vern's slide that there was the comment that Keyera does have the option to come into the Norlite project at a 30% interest.

And a lot of that is the fact that they are a strong player in the liquids market, the gas liquids market, condensate market. And they have tremendous assets in the Edmonton/Fort Saskatchewan area. So, we would certainly be happy to see that happen because it facilitates Norlite.

I think your broader question was would we be happy to just third party the whole thing? No, we wouldn't.

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. I'm not sure who on the panel wants to address this question. There's really two parts. So the first question is, just if you look today on your Enbridge system crossing the border, how much access capacity do you have at this point in time?

And then prior to getting to the Alberta Clipper expansion just for the incremental pumping capacity, how much play do you have on the system for gaining additional capacity and additional throughput by your various [batching] strategies, by playing around with things on that kind of basis and obviously the removal of the pressure restrictions?

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Yes, one of the goals that we've had is to unlock pipe capacity that currently is not available because of terminal constraints. And there's about 250,000 barrels a day of sheer pipe capacity that isn't being utilized. It could be as high as 300,000 barrels a day because of the fact that we are constrained by too many crude types, too few tanks, and a number of other factors that complicate the operation of the system.

So you'll literally have a situation where a pipeline will be slowed down or shut down for a period of time just because of an upstream or downstream terminal conflict. And that's why for the last year we've been working very hard with the industry to bring everybody together to make sure that the feeder pipelines coming into the system are ratable and that their schedules are tightened up and made more predictable to make sure that the refineries are taking what they say they're going to take and that they don't park batches in the system making it inefficient.

And making sure that we unlock through comingling as much of the capacity as available. And the way I look at comingling is that you're talking about the difference between dimes and dollars or dimes and tens of dollars. It can be tens of dollars or at least dollars on the differential if we can get the volume through versus the dimes that could be differentiated in the price of crudes. And I'm talking crudes that are very similar; light crudes to light and heavy-to-heavy.

And so we've had a lot of initiative in the last 18 months called Quality Pooling, saying to the industry, we need to comingle, now let's put a quality pooling system in place that allows you to get paid for your quality. And so I think that's some of the initiatives that we're using to unlock that no capital required pipeline expansion effectively.

I don't know, Vern, if you have more comments there.

Vern Yu - *Enbridge Inc - SVP - Business & Market Development.*

I think, Andrew, your question was how much capacity can we add onto the system. And really, if you think about, we're going to add about 1 million barrels a day of capacity on the system and we're only adding about 350,000 barrels a day of capacity across the border by bringing Clipper up to 800,000 barrels a day.

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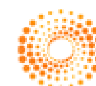

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So the balance would be, as Steve mentioned, near term capacity initiatives on the system, and as well as [unbottlenecking] our system south and east of Superior. So, 350,000 added with Clipper, then 650,000 with debottlenecking and the other initiatives Steve just talked about.

Andrew Kuske - *Credit Suisse - Analyst*

And then just if I may, a follow-up. Is there any potential or need to actually reopen the Incentive Tolling mechanism? Just if you're changing the potentially or need to change the incentives for producers' behavior to maximize the throughput on the line, do we have to go down the path of trying to change the whole Incentive Tolling Arrangement?

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

That's a big agreement, 10-year agreement. We're two and a half years into it now. I don't think that there is a need for or a will to reopen the Incentive Tolling Agreement. It's done a lot for us in terms of making our tolls predictable, which has been of great value to the shippers as they then sign up for capacity beyond the common carrier system at Chicago.

So there's a lot of factors weighing into it. I don't see, Andrew, right now any impetus or need to change this Incentive Tolling deal.

Matthew Akman - *Scotia Capital, Inc. - Analyst*

Hey, Steve. Matthew Akman, Scotia Bank. My question is a follow-up on one thing. I guess Vern talked about in debottlenecking and you touched on it is the comingling of products. And Enbridge has been through various tolling mechanisms over the last 15 or 20 years from ones based on cost saving incentives to ones specifically based on service quality metrics or [metrics], as Richard Bird would say, that involved the quality of the product more than cost and now we're into volume-based tolling where quality seems to be, I guess, secondary.

I'm just wondering how you're going to deal with that because obviously there's tradeoffs. You talked about dimes versus dollars. Who pays for that quality degradation to the extent it exists? And what kind of response are you getting from shippers in terms of doing that? And is there pushback and can you actually achieve the volume improvements and debottlenecking you're striving for given those tradeoffs?

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Yes. Well, I think first of all, when the Incentive Tolling deal was struck and it became apparent that our key incentive is the volume, we assured the industry that even though we don't have the quality metrics anymore, we're still going to measure quality and we still do it, we track that just as we did under the old incentive agreement that had us incented to provide those things.

And so, we assure the industry of that and we've done that. And the comingling of crudes, I want to make clear, is not blending of crudes. We're not blending crude oil. All we're doing is saying that if there's a tank that had someone's crude resident in it and it's now gone, we will move someone else's crude into that tank and there will be some incidental comingling at that point. But we're not in a blending operation.

And so, the quality degradation, especially because we're very careful about which crudes we comingle, the quality degradation is very small. We would never take a heavy crude and comingle it with a light crude, as an example. And so, the quality degradation is very small.

But the quality pooling mechanism is necessary for those who honestly believe that they have a better quality stream; they should get paid for the low sulfur density and other factors. But I think that's important to the -- quality is important to the industry. And the issue is that every company and its marketers will be saying, I think I could get an extra dime for that barrel if they keep it neat. And yet, if that means that we're losing capacity on the system, there's dollars that are leaving while you search for that dime.

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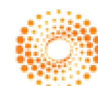

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And so, we are approaching it from that perspective, but always respecting the needs of the refiners for predictability of the stream they're going to get and also the producers who do believe that they have differentiated streams. But the comingled streams are very much alike. You could, I would say, put your hand over the value of each of those.

I don't know, Vern or Leon, any comments that you might have on this whole comingling question?

Vern Yu - *Enbridge Inc - SVP - Business & Market Development.*

I think, yes, Matthew, that the producers are much more interested in capacity than the quality. So, when I talk to the customers, capacity is king. And then get my crude out of town and get as much of it out of town if you can because that improves netbacks far more than any differences in quality.

Leon Zupan - *Enbridge Inc. - COO*

The thing we've done for many years is really leave the pricing up to the customers. So we do quality pooling in our Cushing terminal and have done for many years. And it's the shippers themselves that get together and determine what the pricing adjustment should be and we just administer it. So, it is a producer-driven system.

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

The other thing I'd add before Al supplants all of us is that the shippers actually hire two in this initiative, this quality pooling initiative, they hire two different third party consultants who study the issue of Western Canadian crudes and which ones could or should be comingled. And those two consultants' reports have now come in and are the basis for the quality pooling initiative that we're doing.

So there's been a tremendous amount of study on this question of how like or unlike are these crudes that are being comingled.

Al Monaco - *Enbridge Inc. - President, CEO*

I think these guys have hit all the key points. But let me just make a general comment as to how we're interacting with the producing community these days.

If you go back and look at why this was a problem a couple of years ago, we've had a delay in a major pipeline project for at least a couple of years, that being EXCEL. So I think what the producers are doing are looking to us to do anything we can to debottleneck to increase the capacity.

So, we are absolutely in alignment with them. And the interactions that I have with my counterparts, the producers are very positive, especially over the last six months where they see the debottlenecking results that have actually helped them gain more capacity. So I think we're totally aligned, especially with CTS, obviously volumes help us.

So, I agree with Steve. I don't see any ambition to change out the CTS at this point. But I would say, very positive reactions so far from producers on what we've been able to do.

Linda Ezergailis - *TD Newcrest - Analyst*

A question here. (Fire Drill)

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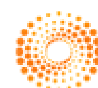

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Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

Short verse, Linda.

Linda Ezergailis - *TD Newcrest - Analyst*

I have a question about the different types of fluctuation type of programs inside of North America that you've mentioned with respect to the (technical difficulty) exporting your line product and will asking (technical difficulty). And you were a long term (technical difficulty) any other refineries like (technical difficulty)?

Steve Wuori - *Enbridge Inc. - President - Liquids Pipelines & Major Projects*

So the question was, would we think about a refined product export like for example, Gateway. And actually, there's been quite a bit of work that others are doing on that. As you know, there's a proposal that's been floated for a refinery at Kitimat, as an example, to export refined product.

And there are discussions like that that are underway. The general sense is that it's an economic challenge to do that. But I think at this stage, with a lot of things in flux, we would want to -- we wouldn't want to foreclose that.

Richard, I suggest then we take the break now, which might be a more peaceful way to approach things. Let's do that. And I'll come back to your question, Linda, because I think there was more parts to it. Thanks.

Al Monaco - *Enbridge Inc. - President, CEO*

So what we've decided here in light that we've -- in light of the fact we've just used up the break time and we do want to get on with the story, we will however ask the panel for liquids to come back at the end if there is time or if there is not, we will make them available either during lunch or after lunch for those who want to ask some more questions.

But it's important that we get on with the rest of the story here, otherwise we won't do the entire story justice. So, we're going to have Mark Maki come up and begin with Gas Transportation. Mark?

PRESENTATION

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

Well, there's thousands of high school students across North America who are wishing that just happened to them.

I want to start with the picture behind me for a minute and talk about -- this is a photograph, a very recent photograph of our Venice Stabilizer Project down in Southern Louisiana. And this is an example of a project we have underway at Enbridge that's going to help transform our offshore business into a very reliable, growing earnings contributor to Enbridge over the planning cycle.

This facility will enter into service here a little bit later on this year. And the key thing about it is the contractual structure that we have in this asset is one that provides, as Al showed in his slide, a very reliable earnings stream for Enbridge under basically any volume scenario where we've got a base fixed return that we get additional upside from utilization of the facility.

And this is a contractual structure very common in the investments we're making now in offshore and we'll talk more about that in just a bit.

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In terms of what I'm going to talk about today, I'm going to touch on organization structure, like Steve did, for a little bit. Safety, talk about our strategies in the business, and then go through very briefly fundamentals in the gas side and finally go through the assets relatively quickly.

In terms of organization chart, the Gas Transportation Unit is headquartered out of Calgary and Houston. And it's headed up by a number of key individuals, one of whom has joined me up here by the name of Doug Krenz. Doug has been in the gas business or the energy business for over 35 years. So he's an example of one of the leadership people we've got in the gas group, very experienced.

So Doug started in the business, just to give you a frame of reference, and I've been with Enbridge for 27 years, but Doug started in energy when I was in high school.

Doug Krenz - *Enbridge Inc. - VP - Natural Gas Commercial & Business Development*

Thanks, Mark.

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

In terms of strategic focus for the gas business, I'm going to flip up all the different strategies. These are very consistent to what you've seen in prior years. And what I want to talk about is a couple of them and talk about how they link together and what we're up to in the gas business.

In particular, I want to touch on first the relatively recent platform we've developed in Western Canada, and that being the midstream business there. And clearly, Western Canada is blessed in terms of resources; whether you look at the oil sands or oil resources in place, dry natural gas, rich natural gas. And we're very focused on developing that resource.

And our gathering footprint that we've built out, our midstream footprint that we've built out in BC and Alberta is going to be a meaningful contributor to our company in the future. And hopefully, that platform that we've built there will eventually lead to enhancing the capability to supply pipelines that bring gas to the West Coast of British Columbia to feed the LNG infrastructure that's being planned for there. And hopefully, we'll be able to leverage our position into participation in those projects.

But today, we also have a very unique asset in our Alliance, Aux Sable, and Vector systems. And the physical capabilities of Alliance to handle rich gas, as Al touched on, is a critical piece of infrastructure to build up the critical mass for eventual LNG developments.

And so, that system, with this capability to haul rich gas from the market area in Western Canada down to Chicago, and the producers realized better value for their gas, a better value for their NGLs and avoid costly investments in Western Canada is a key advantage that Enbridge brings to the table.

Throughout North America, we're also going to be very focused on emerging shale plays as we have historically. And one of the key projects we've talked about in prior years during Enbridge Days has been the NEXUS Project. That's a good example of applying Enbridge expertise in emerging basin. Another good example would be the Texas Express NGL Pipeline that we've developed together with Enterprise, Anadarko and DCP Midstream, and our G&P business in Texas.

As Steve touched on, it all starts with safety. And Al said in his slide, safety is job one. In the gas business, it's no different. And for us, it definitely is all about people, process, and culture and we are focused on all those things. And it does start there. So we're meeting with our field people. Safety is the primary message safety of the workers and safety of the public.

Now, turning to fundamentals, and Al touched on this in some detail in his presentation. We expect that gas is going to be a very significant contributor to growth in energy supply and demand as we look out over the planning horizon. A lot of this is going to be driven by economic activity in the developing regions.

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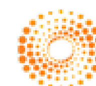

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In North America, we can expect strong growth in demand from a number of different areas. Power, without question, is going to be one of the key areas. Another is the export of LNG. So, going to LNG, very near future on the US Gulf Coast, we're going to start to see the beginning of the LNG export to the various trains in the Gulf of Mexico region.

And this is going to lead to improving fundamentals for gas, and we'll talk about that more in just a moment. In terms of gas flows in North America, this is a chart, which we've seen before, but one of the key things, which has changed, is the emergence of the Marcellus and now the Utica in the Northeast US.

Today, the Marcellus is producing about 9 Bcf a day of gas and that's expected to grow to 15 Bcf a day by 2020. So there's a lot of infrastructure development going on in the Northeast today. And one of the areas you do now see distressed gas is the Northeast. And much like you saw on the Rockies a number of years ago where there's not enough infrastructure to move the supply to market.

Now, that is going to solved over the next few years by various projects. But as the supply resource develops, we expect that it's going to push out. Historically, gas has moved from Western Canada to Eastern Canada, so you'll see Northeast US gas finding its way into the Ontario and Quebec markets. Along with that, then Western Canadian gas will find a home in the oil sands. And logically, it should go up to the British Columbia coast and be exported via LNG.

Elsewhere in the continent, we're going to see a lot of increase in Midwest US using natural gas for coal fire generation. We expect over the next several years that you're going to see substantial displacement of coal fire gen with natural gas.

Also you see on the chart the movement of natural gas to Mexico, which is going to be an area focus as well in the natural gas area.

I want to move on to fundamentals and talk about ethane and propane supply for a moment. And this is a relatively complicated chart, but we want to take all these different pieces together. We expect that we're going to see NGL supplies grow in North America by about 1 million barrels a day over the decade. A lot of this is going to come in the form of ethane and propane, and those being the primary constituents of the NGL stream.

As with natural gas, the supply is growing faster than North American needs for both of these commodities. And on the propane side, you've seen a quick response in the terms of additional propane export out of the US Gulf Coast. Ethane will take a little longer to solve, and that will come through the addition of petrochemical facilities in the US and elsewhere and continue the capacity expansions of the existing infrastructure in North America.

That's likely to happen in the '16, '17 kind of timeframe. And that will, we hope, contribute to a better-looking commodity price fixture, especially as it relates to ethane prices.

The chart that's up now gives you our view of natural gas prices and the various constituent components of the NGL stream -- ethane, propane, and butane. On the gas side, we expect that prices are going to be relatively steady over the next several years and then begin to improve as you see the LNG facilities come online.

In a more recent development, there have been a couple of announcements about gas to liquids projects in Louisiana. One by Shell, which was just, announced the other day, and then the Sasol Project, which was announced a few months back. These are important developments and they highlight, again, the long term view that gas supply in North America is going to be secure, it's going to be low cost.

And the other key thing with the GTL projects, going to Steve's comment about the export of refined products, GTL produces a very, very high quality diesel fuel and distillates is the primary product. And so, again, we see utilization of natural gas as the feedstock for that process. And it points to the good long-term fundamentals we expect to see in the natural gas space.

So let's talk about the assets and what we're up to in the different basins. I started my presentation today with a picture of the Venice Stabilizer in the background and reflects one of the key offshore developments that we have underway today.

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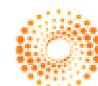
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2014 is going to be a transitional year for our offshore business. During 2014, we'll see a full year contribution from the Venice Stabilizer. We'll see contributions at the end of the year from the Big Foot Oil Pipeline and the Walker Ridge gas gathering system. These are all very significant projects. All have in common that type of commercial structure I described earlier with fixed monthly payments, with additional return realized through utilization of the assets. So we have a very sure return.

And in 2015, we'll see a very meaningful earnings contribution from the gas business, which will grow thereafter.

This is not the end of what we see as additional opportunity in the offshore space. In all the areas here that are shown in the ellipsis, we currently have projects that we are chasing or are a few stages in. We see several billion dollars of opportunities as potential in the Gulf of Mexico. And we expect them to have either the same commercial structure or some variation close to it, as we have with the Walker Ridge system, Big Foot or Venice.

One of the key advantages that we bring to the table that'll help us secure our share of those opportunities is the major projects expertise that we've developed in Enbridge. And in particular, the offshore group that Byron Neiles has developed in Houston. When we walk in and talk to our producer, they're very concerned about timing and coordination much more so than probably the cost, although we've done a very, very good job of controlling cost on all these projects.

So our major projects expertise, our ability to work with the customer is a key advantage that we'll be able to bring to the table to secure future opportunities in this space.

Turning to Western Canadian midstream, there have been a lot of things that have happened over the last year which are of interest and we think bode very well for the long term in the basin. You've seen the entry of players such as Chevron and they're a proponent of an LNG facility off of the BC Coast is one example.

Our participation in the Peace River Arch gathering system that Al mentioned, and we're in the process of expanding that system out is another key, a notable piece of progress. And without question, this basin is incredibly blessed with resources. And we see lots of opportunity for us in this space and it's noted here the potential opportunities and close to approaching C$5 billion.

Turning to Alliance, Aux Sable, and Vector, this is a key system and one of the key advantages that Enbridge has to grow its natural gas business in North America. I mentioned already the very unique physical capabilities of the Alliance system. It's a high-pressure system, moves a tremendous amount of gas into the US, about 1.6 Bcf a day, liquids-rich. And so, as the resources are developed in Western Canada, the liquids-rich resources in particular, Alliance is uniquely positioned to be able to move that product to market.

And the other key advantage Alliance has because of its physical capabilities and configuration is it is very cost competitive relative to the competition in the basin. The little bar chart on the bottom left shows that.

Alliance, as we all know, was a contracted system when it was originally built. And those contracts expire towards the end of 2015. And we are currently in the process. Alliance is working through their recontracting process and they are making very good progress on that and expect to be able to comment more about that in the future.

Alliance is part of the picture. The other key part of the picture is our Aux Sable processing plant. And the chart here shows we expect in terms of volumes and our earnings contributions from the Aux Sable investment.

Now, Aux Sable's key advantage it brings to the overall picture is through rich gas processing deals that we are able to achieve with the customer. We're able to incentivize volume onto the alliance, Aux Sable corridor, through the sharing of the proceeds of NGLs with the customer. And this is a key attraction for producers in Western Canada to come on to this system.

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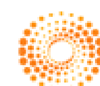

I want to close the asset review with a very, very brief set of comments on the US G&P business. And as you are all aware and Jody touched on it in her opening remarks, we are on the registration process on this business currently. And we expect to hopefully complete that process later this quarter.

But I wanted to spend just a moment and talk about some of the rationale for this, which is all contained in the S1 by the way, and I encourage you to look at the S1, to see this in more detail. But I want to talk about the core reason why we're doing this. And we believe, certainly that we can more successfully grow EEP by following through on this strategy of putting the gas business in the US into its own separate partnership. So we'll be able to raise funds for EEP liquids projects, while at the same time growing the gas business.

And so, this is all about enhancing access to capital for EEP liquids and for the gas business for its development in the future. So we are -- think this is a very good strategy. We thought about a lot of different alternatives to this. And we are moving forward, that hope to have it done by the end of this year; so fourth quarter is our target.

In summary, I'll leave that with you to take a look at. Just come back to a comment I made earlier. For Enbridge, the gas business is a very important part of our strategy for the future. And certainly, we are very focused on improving the performance of existing assets, the offshore business being a good example of that.

Taking a business that has had a tough couple of years and turning it into a solid reliable, growing earnings contributor of Enbridge, and we think we can do that with all of our platforms, enhance our performance and as we're doing that, we're going to position ourselves to be able to take advantage of opportunities later on in the planning horizon as Al talked about in his comments.

So, I think with that, we'd like to go to Q&A.

QUESTIONS AND ANSWERS

Robert Kwan - *RBC - Analyst*

Mark, Robert Kwan, RBC. Just if you look at slide 3 here, just wondering if you can talk about where you see the greatest opportunities for capital deployment and also around the timing. And whether you see that being Greenfields, build joint ventures, like you've also done or acquisitions to help solidify the platform?

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

I'll take the first part of it then I'll go to Doug. But, certainly, the area we would see tremendous opportunity is without doubt, in Western Canada in the gathering and processing area, given the amount of infrastructure development that is anticipated in the basin. And the size of the pie there, that would be certainly high on the list, as would the offshore development. Again, very, very significant development ahead of us out there, and we are very uniquely positioned to address that. Doug?

Doug Krenz - *Enbridge Inc. - VP - Natural Gas Commercial & Business Development*

Yes, I think that's right. The processing opportunity in Western Canada is extremely complimentary with our position that we have with Aux Sable on Alliance pipeline. Where we are actually proposing to the producers, where we will work with them to build the shallow cut processing plants. And in a lot of cases, the gas also needs to be treated. So those capital investment opportunities are probably C$500 million to C$700 million each. And there's a lot of them that has to be built because there's a lot of rich gas that's going to be developed in Western Canada.

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In the Gulf of Mexico, and we're conservative on the slide that we show, because we currently are in RFP on projects that could bring over C$2 billion of capital opportunity to Enbridge. Now, we haven't really mentioned, but we're also one of the guys, that we are pursuing a industry solution to work with producers for the export of LNG from Western Canada.

We think there would be some consolidation of some of those projects, but those are extremely large capital investment projects to the similar scale of gateway type pipeline. So there's large capital opportunities out there right now that we are currently focused on.

Robert Kwan - *RBC - Analyst*

Any comment just around -- sounds like a lot of that stuff was Greenfields, anything on joint ventures or acquisitions to fill in the footprint?

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

I think, by and large, with the amount of organic growth, the company has which tends to be, that's where you bang for your buck really is. That's going to be the company focus, certainly in the near future.

And joint ventures, we've used the joint venture in the offshore area, also with inside EEP G&P and other locations, very successfully. That's a nice way, and Nexus is another example of where we're trying to develop one. It's a very good way to get critical mass together with other parties. So, something we would be interested in going forward, yes.

Robert Kwan - *RBC - Analyst*

Thank you.

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, from Credit Suisse. Can you just talk a little bit about your positioning within British Columbia? And I ask the question in part, as we've already seen a couple big pipe awards on the LNG side that are really targeting the end of the decade. And if we look at Enbridge at a more macro level, it was either 10 or 11 years ago that, at this very day, Gateway as a concept that was unveiled publicly.

So we're 10 or 11 years later, as a public concept and we're still a lot way to go before that comes online, has that really tainted or made life more difficult in BC or if you tried to proceed with LNG pipeline proposals?

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

Let me take the last question first and come back. Probably Columbia, I'll push off to Richard for a little bit later on today when he -- on the international subject. But with respect to the company's reputation in BC, Janet Holder and the folks have done a fantastic job of engaging in dialog and discussions.

I don't think it's an issue of Enbridge's reputation, as so much it is, you got as Al showed with his slide you got polarized opposition. It doesn't matter whether it's Enbridge or somebody else. They don't want to have -- an oilsands pipeline.

It's a different environment as it relates to LNG. And our research our, somewhat informal discussions that we've had would indicate that we should be able to be successful at being part of a gas pipeline project to the west coast or LNG, because the company does have a very good reputation in Canada. It's just, it's more an issue of oil sands or not, but I think BC is very constructive when it comes to gas development and LNG development.

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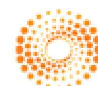

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Andrew Kuske - *Credit Suisse - Analyst*

So, I guess this is a follow up on those two gas pipes that have been awarded to TransCanada so far. Were the real winds in part, because they're tied in to Nova? And then that gave them a strategic advantage rather than anything else?

Doug Krenz - *Enbridge Inc. - VP - Natural Gas Commercial & Business Development*

I think that, yes, obviously, they've got the ability to aggregate supply to serve those pipeline projects. There's a lot of confidential information between them and the sponsor of those projects, we aren't aware of. We expect that TCPL was pretty aggressive on their pricing for those projects.

But at the end of the day, we do feel strongly that there will be some LNG export. But the reality is that these projects are extremely complicated. They're very expensive. You need market supply. You've got to have the technical capabilities to build. And LNG facility, you've got to be able to build a long-haul pipeline, which we obviously bring a lot to the table. And we do think there's going to be consolidation.

Just the siting issues of where some of the projects are proposed. The labor, getting a labor force to construct them. We're seeing a timeframe starting to slide a little bit right now because of all the complexity. So I think there's a lot more to come on these LNG projects on how they're ultimately going to sort out.

David Noseworthy - *CIBC World Markets - Analyst*

Sorry, David Noseworthy, CIBC. Maybe just to expand a little bit more on Robert's question on M&A, specifically, in Canadian midstream, do you see a role or a need for acquisition to improve your scale and competency in that area, because it seems like you see a lot of opportunity. But that opportunity is coming very quickly.

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

There certainly could be a role for M&A and we've made the Peace Arch being an example or the Cabin position being an example. There definitely is a role for M&A in strengthening the footprint that we have in the WCSB on the Canadian midstream side.

What I would say is, we're going to want to look at it though on the context of, does it advance the strategy? Does it help us increase to critical mass? Does it come with returns that fit within our investment proposition? And risks that fit within our investment proposition. So we will look at acquisitions, we're going to be very, very selective with lots of help from Richard and his people to make sure that we make a very good decision.

Unidentified Audience Member

And if there was one piece that you would really like to have that you don't today, what might that be?

Mark Maki - *Enbridge Inc. - Acting President - Gas Pipelines*

Certainly, whether it's the US G&P or the Canadian G&P business. The thing that would be ideal is something that helps fill in some of the value chain holes that we're going to have. So, currently, with what's happening in the development in BC, in Alberta, there's going to be need for additional NGL infrastructure, take away.

Another key component that probably will be some form of condensate pipeline, which would be ideal at the time with our liquids strategies, up at Edmonton, up to the oil sands. So those, that would be a couple of examples. Fractionation and other things also could be part of the picture.

I think that's it. I can appreciate other questions. And Guy, I think you're up.

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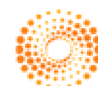

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PRESENTATION

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Well, thanks Mark and good morning everybody. Happy to be here to talk to you guys about gas distribution and all the exciting things we've got going on. One of which is pictured here, is a major construction project we've got going on in Ottawa. A couple years from now or sooner than that, we hope to have a major one going on in the GTA area as well.

Joining me today in his first day as President of Gas Distribution is Glenn Beaumont. He says that questions he wants to take are the easy ones. Please keep that in mind. Also joining us, Malini Giridhar, Malini's our Vice President, Gas Supply and Business Development, lots going on in that area obviously. And she's here to help us with some question you might have when we're finished.

This chart clearly hasn't caught up with the news of yesterday, but I think what it really highlights is gas distribution is extremely fortunate with the degree of experience that we have in our organization. My direct reports that are listed on this chart have over 150 years of combined experience, ranging from 15 to 30 years individually.

If you look further in the organization, the fore most senior operation and engineering staff that report to Glenn in this structure all have greater than 25 years of experience. So we rely heavily on that experience to continue the safe and reliable operation of our system.

Mark has reviewed the key fundamentals impacting North America natural gas market. So, I'm only going to focus on them to the extent that they affect our gas distribution business. The expected continuing stability of natural gas prices and the significant competitive advantage we enjoy versus other fuels is the foundation of the positive outlook that we have for gas distribution. Customer additions remain steady and importantly, our strong historical customer growth is now driving the GTA project, the largest single capital project in our history. And we hope there might be room for even more growth.

The province of Ontario is considering an expanded role for natural gas within the provinces long-term energy plan. And that may impact us as it relates to the potential for distribution system extension into new communities, a greater role for natural gas as a transportation fuel and a greater role for natural gas in the power generation mix, including combined heat and power applications.

Effectively managing our gas supply portfolio is a critical aspect of maintaining our competitive position and we're actively focused on three areas. First, for reliability and cost reasons, we must ensure competitive access, not only to our traditional supply sources, but to the new supplies available in areas like the Marcellus and Utica as well.

This slide illustrates the price dynamic in Eastern Canada that is resulting from deliveries in the Marcellus basin. Western Canada is no longer the most competitive basin, and we must ensure our portfolio adjust to reflect this reality.

Second, we must ensure that optimal infrastructure and solutions are in-place within Ontario to allow supply from these resources to be delivered to our franchise. Our load is heavily weighted to the winter season. So by increasing the ability to meet these demands with lower cost, short haul capacity is expected to save our customers tens of millions of dollars annually.

Finally, we must ensure that a long-term toll framework is in place for the TCPL mainline, particularly the eastern part of the system. We need the clarity of that long-term solution to support the economic analysis of our portfolio choices and TCPL needs the clarity to allow them to invest capital in the Eastern part of the pipeline.

Our efforts in conjunction with Union Gas, Gas Metro and TCPL have lead to the recently announced toll settlement amongst the parties which addresses each of our key strategic issues while providing TCPL with the stability they require to continue to invest in the eastern part of their system.

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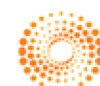

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As part of the settlement, the parties have agreed to cease the contentious litigation that was going on between the parties at the NEB and in the courts which positions us to move forth cooperatively to secure the necessary approvals with the NEB.

Our GTA project has been filed with the Ontario Energy Board and is proceeding through the regulatory approval process with a target in-service date in the fall of 2015. This C$700 million project consist of 27 kilometers, of 42 inch diameter pipeline, 23 kilometers of 36 inch diameter pipeline and then related necessary facilities.

The primary purpose of this project is to meet the distribution system needs in the GTA that have evolved over the past 20 years as we added approximately 800,000 customers. We need more high-pressure gas in our franchise. We need that high-pressure gas in new areas of our franchise and we need increased flexibility to manage the system during a potential upset event.

A secondary benefit of growing importance to our business and that of other gas customers in Ontario, Quebec in the US North East is our plan to make capacity, in excess of our distribution system needs on segment A of the project, available for transmission purposes, which in conjunction with a pipeline plan by TCPL, relieves a significant bottleneck on the TCPL system.

I'm not sure if I'm going to be able to get to pointer here very well, there. So just to give you a quick -- this is the TCPL system running up on this end of the chart. That is where there is currently a bottleneck on the system that limits the ability of gas from Dawn and Marcellus to move farther east.

The plan we've entered into to make the capacity available across this segment of the pipeline to shippers who then will work with TransCanada, have a new pipeline built from this point, called Albion up to the TransCanada system. So that's been the focus of a lot of our conversations and discussion over the last few months with TransCanada and other players in the industry.

Like all Enbridge business units, Gas Distribution's top priority is ensuring the safety of our employees, customers and the public at large. We have a large inventory of work underway, targeted at meeting or exceeding safety regulations, not just in Ontario, but compared to the more stringent US requirements resulting from the tragic Pacific Gas and Electric incident in San Bruno several years ago.

Third party damages have historically been one of our highest risks and we're very proud of the track record that we have established in cutting damages almost 50% over the last 10 years including a 24% reduction from 2009 through 2012.

Key to this has been a more aggressive approach to identifying and managing 3rd party excavations that can represent a high risk to our assets. The city of Toronto subway construction along Keele Street is a good example.

Due to the fact that we had a large diameter high pressure pipeline operating in adjacent to the project, we place Enbridge personnel and utility locators onsite, full time to ensure a strong awareness of where our asset was located and the precautions that needed to be taken while excavating near it. This is now happening at all high-risk excavation sites to support safe digging practices and protect our assets.

No incidents were experienced at the subway site. And in fact, due to the understanding of the project that we gained from these efforts, we chose to relocate a section of our pipeline to prevent any future issues from emerging after the subway is in operation. We continue to look forward to seeing these results improve even further in coming years as Ontario's one-call regulations are finalized and implemented.

Continuing customer additions, the GTA and Ottawa projects, along with increased investment for safety and reliability, leads us to the largest capital expenditure program in our history. The importance of the size, nature and profile of capital in this plan is that it becomes the critical underpinning of our approach to the next generation of incentive regulation, where we need to ensure that all elements of the program are captured in our rate making.

Speaking of incentive regulation, we have filed a proposed new five-year plan with the Ontario Energy Board, which we believe will be ruled on during the second quarter of next year. Given that our application is still before the regulator, I'll keep my comments to a very high level. The plan

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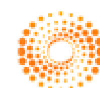

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adopts the OEB's custom IR approach, which is targeted at situations such as ours where we have a large non-recurring capital expenditure occurring during an incentive regulation period.

A great deal of time, effort and analysis has gone into ensuring that this application balances the needs of the business with our customer's desire that we also manage their distribution rates. And as with our prior incentive regulation plan, this application contains an earnings sharing mechanism that provides opportunity for the business to generate a premium to its return on equity, while at the same time, allowing customers to realize savings in their rates. There's an opportunity through the regulatory process to negotiate the settlement of some or all of these issues with our customers and we look forward to that opportunity early in 2014.

This chart provides an outlook for increases to the return on equity for the business as determined by the formula employed by the Ontario Energy Board. The forecast increases are based upon an expectation for the firming out of interest rates over the application period. The magnitude of premium to be earned under incentive regulation is difficult to forecast, but we'll be working very hard to create that value for the business and for our customers. Overall, we continue to believe that gas distribution will deliver favorable risk adjusted returns through the upcoming incentive regulation period.

So in summary, we see a continuing competitive advantage driving customer growth. Our gas supply strategy targets maintaining that competitiveness. We have a significantly expanded capital program. And our incentive regulation plan represents and effective balance of the needs of the business and the needs of our customers.

That concludes my prepared remarks and our panel would be happy to take any of your questions.

QUESTIONS AND ANSWERS

Matthew Akman - *Scotia Capital, Inc. - Analyst*

Thanks. Hi, Guy. Matthew Akman, Scotiabank. So, you talked about increasing diversity of gas supply into the franchise area, which is positive but at the same time though TransCanada is going to be taking capacity out for Energy East. And I'm wondering if Enbridge Gas Distribution has a position on security of supply around that proposal and whether there's any concerns around security of supply especially in the north and Ottawa region, give TransCanada's proposal on Energy East.

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Sure, I think maybe what I'll do is I'll let Malini take a crack at answering that one for us.

Malini Giridhar - *Enbridge Inc. - VP - Gas Supply & Business Development*

So our primary concern Matthew is about ensuring security of supply for our customers. And we have no issue with TransCanada taking out assets that are unutilized for us. So, essentially the portion between Empress to North Bay, there are excess facilities there. And as you noted, the piece from North Bay to [Eroqua] is heavily utilized seasonally by our customers.

So at this point, we were unable to have an agreement with them on the Energy East project. So we're looking forward to seeing what they're able to share with us over the coming months. The bottom line for us is we need to ensure that our gas customer especially in the Ottawa area, are not impacted either from a security of supply perspective or a cost perspective.

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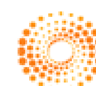

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Matthew Akman - *Scotia Capital, Inc. - Analyst*

Just a follow up on that. Ottawa's a concern that can be fed from Southern Ontario ultimately, but in Northern Ontario, you take one pipe out, there's only one left. I mean, is that enough to ensure security of supply for parts of Northern Ontario?

Malini Giridhar - *Enbridge Inc. - VP - Gas Supply & Business Development*

There's actually three lines today. Okay, so they have a 30-inch, a 36-inch and a 42-inch, and they plan to take out the 42 inch. So there will be two remaining lines, one of which, I understand needs some fairly significant remediation. But, I think as far as the load in Northern Ontario is concerned, there's adequate pipeline capacity for that load.

The key issue of course, is market access for volumes that were previously coming through that path. And this current term sheet or settlement deal with TransCanada and the GTA project, ensures security of supply for the rest of the market.

Matthew Akman - *Scotia Capital, Inc. - Analyst*

Thank you.

Linda Ezergailis - *TD Newcrest - Analyst*

Thank you. You talked a little bit about just diversity of supply sources and access to Marcellus and Utica, can you talk a little bit about what has actually been put into place, what kind of capacity you actually have available from Marcellus, Utica and how that changes over the next couple of years?

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Sure. Let Malini take a crack of that one again as well.

Malini Giridhar - *Enbridge Inc. - VP - Gas Supply & Business Development*

So, currently, supply from Marcellus can come into Ontario at Niagara, and the TransCanada system has over a Bcf of capability, there's actually export capability to Niagara which can now be reversed to be import capability at Niagara.

In terms of Utica, there is an Nexus project in the works that would be looking to bring Utica supply to Dawn. And there's also a very large degree of connectivity to Dawn already for Ontario. So the rest of the system is pretty much in place.

And then further downstream as Guy talked about the Parkway to Maple constraint on the TransCanada system, and that's where our project and the agreement with TransCanada removes an existing bottleneck. So the expectation certainly is that that post 2015, there will be no constraints to receiving that supply.

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Steven?

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Steven Paget - *FirstEnergy - Analyst*

Steven Paget, FirstEnergy, hi. I think I see how it works here. Glenn gets the easy questions and Malini gets the hard ones. Just a question. I mean, with TransCanada, et cetera, it looked like this is going to be one of the most contentious things, Enbridge was facing and yet, it seem to be resolved rather quickly. And I'm wondering what you could -- if you could comment on what the pathway was to resolving the issues between TransCanada, Union Gas, Gas Metro, and how it all came together.

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

I think the answer to the quickly part is really one that the underlying conversations had been going on for much longer period than one might conclude from some of the shenanigans that were going on in the regulatory and legal arenas. So, we were very successful in bringing them to a conclusion middle of September. It might appear to the outside world that that was a quick resolution, but we'd actually been working on it for quite some time.

Steven Paget - *FirstEnergy - Analyst*

Okay, thank you. Second question, I guess, if you're looking at the competitive position of adding new -- you could call them spur lines to gas, fire power generation in the region where EGD is active. Could you comment on the competitive position of EGD adding lines versus competitors in the region?

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

I'll take a crack at it. If I'm wrong, Malini will be bail me out. Having a franchise in our region really does not allow somebody else to compete for that type of business. So, we view that as an opportunity that I think some of the ones that we've had in our franchise to this date, while representing very large loads have not represented very significant capital investments on our parts. So you know the function of what the opportunity represents is really going to be how close or how far are they from some of our higher pressure gas franchise that already exist and what constructions needed to help them out.

Steven Paget - *FirstEnergy - Analyst*

Okay, thanks Guy.

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Robert.

Robert Kwan - *RBC - Analyst*

Thanks. Robert Kwan, RBC. Guy, can you just talk about the conversations you have with the Ontario Energy Board or the ones that you may want to have coming back to diversity and security of supply around the prudence of security the right amount given, you make your money on delivery and not the commodity. So, the prudence of securing what you need to meet -- the week or the winter peak versus over contracting and the risk of disallowance?

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Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Right. So, I'll take a crack at that from a number of angles. The first angle I'm going to take is that, not just ourselves but ourselves and Union Gas have been on an active advocacy campaign for probably the last 12 or 15 months in the province, bringing the OEB, brining government officials, interested parties up to speed on the sea change that we're seeing in the natural gas market.

We're highlighting the economic benefit that the province is realizing today from that change. And then, but then our message flips to -- but we have to act to preserve it. And the way we have to act is we need to be involved in making sure that gas gets transported to Ontario and pipelines get built. We need to optimize our own infrastructure. So, we've been setting the stage for that entire period with all of our stakeholders in the province. That there were significant decisions that were coming, and those decisions, were going to take the form of long-term contracts, and that we all need to be stepping up and making our choices around that.

So, we've been very active in that regard and frankly, the migration and the cost benefit to our customers is so compelling that while we have to make smart decisions in managing our portfolio, we do not have a significant concern about cost allowance and disallowance given the significant economic value that should be achieved.

Robert Kwan - *RBC - Analyst*

I guess just with the volatility we're seeing on IT and STFT, do you almost want to get into a situation where you're advising the OEB, but ultimately having them direct you? As to what's new?

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

No, we don't. We think the current IT/STFT is a short-term phenomenon that's going to start changing as soon as -- there's been a lot of shift from those discretionary services back to firm services on the TransCanada system, which in our view is one of the positive outcomes of the NEB's decision back in the spring. So we expect that's going to take a lot of that volatility of it for a [co basis] out of the market.

Robert Kwan - *RBC - Analyst*

Thank you.

Guy Jarvis - *Enbridge Inc. - EVP, CCO - Liquid Pipelines*

Anybody else? So I guess Glenn did a pretty job of delegating. So I'd now would like to welcome Richard Bird up to the podium.

PRESENTATION

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Good morning. So, this section will be an update on our strategy for a few of our smaller business that are the new platforms we've been building to support future growth and diversification. Including alternative and emerging technology, which I won't be able to fit in this morning, we have four senior leaders leading these businesses.

The only real change in the past year has been the insertion of Lino Luison to support Leigh Cruess and me with executive oversight of our international development initiatives. Thereby, freeing Leigh up to concentrate more on our energy services business. So that's the team that we have today.

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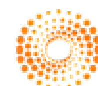

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Starting off with the North American power fundamentals, we continue to see favorable fundamental support in long-term investment opportunities in North America and electric power infrastructure. There will actually be steady to moderate growth in demand for electric power. But more significantly, growth in the generation infrastructure required to support that demand, because of retirement of coal plants.

So, gas fired and renewables are expected to dominate supply growth investment, transmission investment opportunities will also be disproportionately greater than demand growth because the transmission network requires significant catch up refurbishment. The key to Enbridge being able to capture a share of this investment will be our ability to continue to replicate our reliable business model in this space.

Over the last decade, Enbridge has built a respectable power generation business concentrated entirely at this point in renewables with over 1,500 megawatts of capacity. It's a small business by Enbridge's standards, but we are actually the largest solar power producer in Canada and the second largest wind power producer.

Our areas of geographic focus are depicted on the map and going forward both renewables and gas fire generation are in scope for this business. During the 2013 to 2017 period, we will continue a measured pace of development for this business sticking strictly to our reliable business model, but targeting to double our capacity by 2017.

Recent developments in our embryonic power transmission business include our first project, the Montana-Alberta Tie Line going into service. And also recently, the selection of the consortium that we are in to develop the East-West transmission project here in Ontario.

Going forward, we will remain tightly focused on expansion of the MATL line and on opportunities in Ontario and in Alberta. So again, a measured pace of development with an objective to at least double our next transmission capacity by 2017.

Turning to international, it's old news, but nevertheless it's the critical fundamental that growth in global demand for energy will be dominated by Asian markets, especially China for the foreseeable future. We see three countries besides Canada with good geological potential and a favorable business climate to play a significant role in leading Asian energy demand. And those are Columbia, Australia and Peru.

We don't have existing international operating assets, having sold those late last decade, so at present; this is entirely a development initiative plus an active international training and consulting service. Again, we will stick to a measured pace of development focused on Columbia, Peru and Australia, primarily looking for greenfield opportunities like our Oleoducto al Pacific project in Columbia, though we'll also consider acquisition of existing assets.

The OAP project in Columbia is not the only opportunity that we're developing in that country, but it's the biggest. It's a pipeline to move heavy crude oil from Columbia's interior to its west coast for export to Asian markets.

The project is proceeding through preliminary development, root selection, design and government approvals. In preparation for detailed engineering and commercial contracts. Our development partners include a number of local producers with the recent and critical addition of Cenit, which is the Ecopetrol Pipeline subsidiary and Ecopetrol, being the largest producer in the country and key really to the commercial feasibility of this pipeline.

Moving on to our energy services business, you've seen a version of this chart already in Steve's presentation. And the point here is that the same differentials that drive the addition of pipeline infrastructure for our liquids pipelines business are the bread and butter of energy services, which thrives on finding many different ways, at least temporarily to arbitrage these differentials.

The corollary of that however is that the arbitrage opportunities especially the most profitable ones also tend to be relatively short-lived because Steve or someone else will develop an infrastructure solution. So this is a business, which is always on the hunt for a new arm to replace the waning one.

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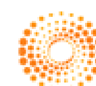

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I've discussed in past, some of the commercial structures that our energy service business uses to make money. So this slide is just a refresher. Top left is a simple storage arbitrage of the difference in the value of crude at two points in time. It depends on contango, which usually exists for at least one forward month with a big enough spread to cover the least cost of the storage facility and the carrying cost of the crude in storage.

Occasionally, that contango will steepen, allowing a good margin to be earned but often it's just a part of the overall economics of a broader strategy that utilizes storage as one component. Like the transportation arbitrage example on the upper right.

The example on the bottom left adds another layer of complexity to a transportation and storage arbitrage and that it involves purchasing in the field through the use of truck terminals and delivery to a specific refinery as suppose to just trading hub. Sometimes, delivering a crude tailored to a particular refinery specification as suppose to one of the more generic market crudes.

The margin in this example is then a composite of a point in time arbitrage, a location differential, compensation from the producers for gathering and marketing their crude and compensation from the refiner for performing a supply management function on their behalf.

And the last example on the lower right is a variation again on a transportation and storage arbitrage. It involves condensate rather than crude oil, and it involves two different hub locations with the flexibility to shift back and forth to maximize the [ARB] whichever is providing the best opportunity. And it also involves as well both a pipeline and a rail leg. So those are the kinds of ways that this business is making money.

The focus for this business is just to keep coming up with more low risk arbitrage opportunities to replace those that fade away, and to expand the business, and also to continue to build on its producer and refinery relationships and services. We're also extending the basic business model on a few dimensions, including ideally more longer term transactions for going some short-term arbitrage, margins when differentials blow out in exchange for greater year-to-year stability of the earnings. And this is reflected on the chart on the right where our objective is to continue to grow that earnings contribution but ideally with less of the variability that's been experienced in the past.

So in summary, our new growth platforms are well positioned to provide a modest contribution to near-term growth and to provide a solid base by 2017 for more substantial long-term growth and diversification. And I'll take any questions that you may have now.

QUESTIONS AND ANSWERS

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. So Richard, just a question that relates to the energy services business. And I guess to what degree have you seen increase profitability in this business just in part because the banks in the US under the Volcker Rules and the Bank Holding Company Act, essentially pulling out of a lot of the commodity trading?

And then there's a big question mark around that on what the future will be for them, so just to your counterparties? And then to what extent does your business profitability increased just because your footprints gotten a lot bigger than that, therefore, you have more opportunities to do trading around the assets?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. Well, let me take the second part first because I think I have a little more insight into that than the first. We are seeing more opportunities, we're letting out the range a little bit on this business to have it look in more areas, Enbridge infrastructure, our own infrastructure is cutting a broader footprint and maybe that's what you were referring to.

So generally we've seen opportunities to grow this business. And the only thing perhaps that's holding us back a little bit is not got quite the stability that we like to see in most Enbridge businesses. And that's because as I mentioned, it's driven by ARBs that wide out very abruptly and then tend to close back in. And a lot of it is month-to-month business.

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So the going is really good when it's good and then that's fades away. We're really trying to extend some of those arrangements to longer term, full year or even multiyear arrangements. But generally I would say the environment seems to be good for some growth in this business.

The banks removing themselves from the commodity side of the business, I'm not sure that for our particular business model, that's going to make much difference. Our business model is a highly logistical driven business. It's highly refiner relationship, producer service driven business model. I don't really think we see the banks in that particular space. Their piece of the business is much more hub trading activities, than our approach would be. So I'm not sure that part will have a big difference.

Andrew Kuske - *Credit Suisse - Analyst*

Just as a follow up, has there been any reduction in the number of counterparties that you interface with?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

No, I wouldn't say so, and again, bearing in mind that our counterparties are primarily end-users, physical counterparties, producers and refiners. Yes.

David Noseworthy - *CIBC World Markets - Analyst*

So just a quick question, in terms of [this building an infrastructure] as it relates to energy services segment, how much additional tankage do you feel that you would need in say, Edmonton and Hardisty to facilitate the growth that you see here?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Edmonton and Hardisty neither one is an area where our particular business model is calling for a lot of tankage. We tend to have tankage in a more intermediate staging areas like Chicago, like Cushing, moving towards the Gulf Coast. So I don't really see that as being a big part of it. I wouldn't say we'll never look to tie down tankage in those areas with some leases. But that wouldn't be a big part of the strategy. Yes, Steven.

Steven Paget - *FirstEnergy - Analyst*

Steven Paget, First Energy. Richard, do you see an industry moved to longer-term contracts that Enbridge is going to be a part of it? Or is there idea to lead the charge towards more long-term contracts and see if the industry catches up?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

I think it's more of the ladder. I would say the dominant business model in this logistics and marketing business is fairly short-term arrangements or where there are longer term arrangements, there are arrangements that we price on a short-term basis. And so, it's an aspiration on our part to change that business model at the margin towards the longer term by really being prepared to surrender in some circumstances the really big short-term profits that can be earned in order to incent counterparties to enter into those long-term arrangements.

Steven Paget - *FirstEnergy - Analyst*

Okay. Thank you.

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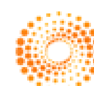

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Yes.

Pat Kenny - *National Bank - Analyst*

Pat Kenny, National Bank. Richard, just wondering if I can get your thoughts on industry looking at moving bitumen down to the Gulf Coast, whether or not you see this as a viable transportation solution longer term? And whether or not there might be any opportunities within your energy services business?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

So I think what our liquids pipelines folks [Vern] and Steve would say, and I would say as well is that, crude by rail has a role to play, has always had a role to play, and will always have a role to play in certain circumstances. For short periods of time, that role can expand to occupy a part of the spaces, more naturally occupied by pipelines. But that will tend to be a short-term circumstance. I guess these days, we can observe that that short-term seems to stretch out longer than we might have thought because pipeline infrastructure takes a bit longer to get in place than it used to.

I would say the one that you've asked about heavy crude to the US Gulf Coast, I don't see that as being a significant long-term preferred solution to crude movements, simply because I see pipes being for that distance into that market, so much more economically efficient. That doesn't mean that as those pipe solutions come into place that heavy rail will completely, heavy crude by rail will completely disappear.

I think we're in a world where producers like optionality. They like flexibility and they're prepared to pay up a certain degree to have more pipes than they need, and even more rail than they need. So I think we'll continue to see some stickiness to rail solutions even in those cases where pipe is the more economic long-term solution, but in limited amounts in those cases.

And seeing no more questions, I'm going to turn it over to Byron Neiles, our Senior Vice-President, Major Projects.

PRESENTATION

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

Great. Good morning everyone. And thanks, Richard. My objective today is to demonstrate how major projects or MP is able to execute the growth program safely on time and on budget. And to do that, I'm going to take you through the MP organization, some execution history, discuss some competencies and then outline some of those competencies and action on some of the projects that we have underway to date.

Since last Enbridge day, we've scaled up to tackle 15 new projects secured over the period to over 30 projects under management today. MP is now lead by six senior managers with the addition of a liquids focused VP in the US to handle a 60% increase in capital activity there since this period last year. And all six VPs have been former project directors in their careers.

Total capital under management today, now stands at C$23 billion and it's supported by a professional team of 1,400. That's 200 more than this time last year. 65% of that 1,400 professional team are contractors, which allows us to match the resources with the burgeoning activity levels.

And then finally in the field today, this very day, we have over 10,000 contract workers in the field assisting us. So the rapid scalability of a seasoned workforce generates value for our customers and supports our very strong execution track record.

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Since MP was formed in 2008, that track record involves having delivered 30 projects at C$18 billion by the end of 2013. The lion's share delivered on budget on or ahead of budget and schedule. More recently from January 2012 through the end of this year, we would have completed 15 projects, 13 of them on or ahead of schedule and budget.

And so, with that setting your context, I'd like to move to the capabilities that help us to achieve that track record.

So a major contributor is our estimating and development practices. Enbridge's projects tend to be in well-known corridors or existing footprints, which leads to certainty, which help us to win Enbridge or projects for Enbridge. And the process starts by nailing down scope early by bringing in subject matter experts from the business units to input into and assign off on the desired assets and its operability.

We benchmark all of our estimates against recent total installed cost on other projects. And we're constantly calibrating with trends and with lessons learned to make sure that we're accurate and competitive. And then our drive towards standardized design such as the one seen here with our new standardized pump station have de-risked projects by reducing duplicative engineering cost but as well achieving supply chain savings through bulk volume discounts. And our engineers, particularly the young ones are thinking more like manufacturers these days trying to put an assembly of modules together to eliminate the significant construction challenges that we have on onsite construction such as weather.

And then our front planning approach [embeds] land, public affairs, regulatory and environmental experts alongside our design engineers at the forefront to make sure that the stakeholder, some of you have asked about today, are incorporated earlier. And it's this type of approach that gives us confidence in our regulatory approach, which I'm going to touch on in the few minutes.

But first the way we manage our supply chain confers considerable value to our customers. Our pipe frame agreements have provided better than market pricing since 2006 and reserve capacity through to 2016.

Now, what this means is that it guarantees the mill space required for all US and Canadian projects that are currently sanctioned. It means that we know how it's going to be priced. And we know it is going to be high quality. No surprise, very low risk.

And also, such arrangements allow us to work with our supply chain partners to expand their capacity to meet our needs. And this is evidenced by a recent opening of a mill by Evraz in Portland and Sulzer pumps also in the US, doubling its production line to meet our increasing needs.

In the last year on the Canadian side, we've completed frame agreements with several main line construction contractors to 2016, we saw a bottlenecks coming in unattractive terms in the three bids and a buy approach underway in a heated market. So we got ahead of that by securing the labor, the management and the equipment we need to meet our base low needs. And certainly on terms that a company decides that Enbridge can command.

And so, we did this by fixing base lay rates and avoiding cost reimbursable terms which are the increasing norm in the heated oil sands region. And of course the [quid pro co] for the contractors, it's three years of predictable and steady work.

Locking up half of the total Canadian main line construction capacity at predictable terms coupled with your known price in steel, gives you a 70% of cost pre-determined early. And then we're now replicating this approach with the pump station contractors, given that electrical and mechanical service contractors are increasingly at a premium in Western Canada.

On the US side, it's a different story. It's still conducive to competitive tendering there. But if that changes, we have some very good models to build on.

In some quarters, the term regulatory effectiveness might be regarded as an oxymoron. But for Enbridge our experience as Al mentioned is very strong. To date we've secured every permit that we've ever applied for. And given increasing opposition to energy infrastructure, its no surprise that permitting cycles generally continue to get longer.

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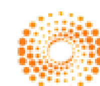

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One of the most significant changes we've seen recently is how critical it is to involve company and third party experts on safety and pipeline integrity. It's certainly a must with local governments, seeking a better command of the topics in face-to-face meetings with these experts before these local governments take a position. But from an overall measure of Enbridge's regulatory effectiveness, recently if you go back to 2010, we have received all the permits that we've applied for, 90% of them on time, 40% of them in the US ahead of statutory timelines.

And in Canada, we filed five major applications with the Alberta regulator, which resulted in no hearings because of effective and early management with communities, first nations and landowners. And a further six major applications were turned around by the National Energy Board in less than two years. And these US and Canadian cycle times are to us extremely notable as they reduce front-end risk and they allow us to get into the field even sooner.

As mentioned earlier, we're directing over 10,000 workers in the field. All of whom are temporary, many of whom are new. So there's certainly a safety risk in this situation. So our job is maintaining the momentum that seen us reduce our total recordable incident frequency by half since 2008. And even though these stats are very strong as a record with our peers across North America, it's certainly not good enough for us.

And so, the momentum towards zero incident safety culture hinges on us ensuring that our contract leaders and our Enbridge leaders continue to walk the talk on safety culture. The controls we have in place to train and to supervise and ensure compliance of a major contract workforce and of course increasing management visibility in the field.

But one of the most important things that we can do to improve safety at Enbridge is to press all of industry on both sides of the border to adopt common practices. So Enbridge has brought together major Canadian and US owner companies and contractors to drive towards common practices for that immense contract workforce that we all draw on. And Enbridge will continue to lead this.

This next slide summarizes our focus on controls, on risk and governance. And certainly our job is to manage risk. And we do this through a life cycle gaining control. This is a best practice project management not only for pipelines but for project management in general every project must follow this particular control. And we compliment that with cost and schedule management and regular performance reviews with MP, the CEO, executive team and our Board of Directors who are very keen in following our process.

And focusing on risk at all stages of the life cycle is important, quality, safety, production, regulatory, all key aspects that can have an impact. And to do that, project teams retain very detailed risk registers and they manage and report on those registers regularly.

These of course are essential. But to me what sets us apart comes down to two things, a track record of repeatability and seasoned teams. And both are intertwined, we repeatedly work the competencies I'm talking about, and we never ignore past projects, and then we learn lessons from projects, and incorporate those into our proposals in winning new business and then executing on it.

So what I'd like to do now is use a sample of four projects, some of the more significant projects to demonstrate how some of these competencies are being demonstrated. So starting with the C$1.2 billion Athabasca twining of the Athabasca system in Northern Alberta, this of course is a well-known Enbridge corridor, which provides the advantages of familiarity and access.

In this case resolution of landowner and community and first nation issues, allowed us to avoid a hearing all together and receive early approval five months ahead of schedule. And this in turn enabled us to get to the fields sooner [and to de-risk] winter construction by clearing one season ahead of time.

Furthermore, I talked about the frame agreements; with those in place 70% of our cost were confirmed very early. And as of Friday, we've cleared 270 kilometers of right of way and welded over 55 kilometers of pipe. Moreover, the highest project risk for that project and almost 1-kilometer drill underneath the North Saskatchewan River was completed two weeks ago, one week ahead of schedule.

Moving now East to Ontario and Quebec, the reversal of line 9A, between Sarnia and Northwest over was completed in August, and the remaining segment 9B to the Montreal is currently before the National Energy Board. And from an execution perspective, this is far easier than Athabasca twining as there's no new pipe, just the switching of discharge and suction piping and the addition of a few pumps.

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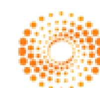

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And while our plan expected a decision in August, scheduling by the NED twice extended the period for public participation. But that said as you may have heard earlier, final argument takes place in two weeks, which will result in a late January decision pushing the in-service date from May to October of next year.

And there's another interesting aspect of this project. And it's the significant communications effort underway on need, first of all, and to provide the facts about our emergency response capabilities and our pipeline integrity program.

And through a coalition of Quebec labor and business they say yes, to line 9 campaign, it has garnered momentum. Given the significance of the continued viability of the couple of the refineries in Quebec, and it's influenced opinion with the majority of Quebecers in pulse recently supporting the reversal of line 9.

On the Canadian side of the Alberta Clipper expansion, regulatory approval was received in February for phase one, and construction is underway to add 120,000 barrels of capacity for next summer. And we receive Minnesota approval in July. And with that US construction started very soon after.

Phase two in Canada involves the construction of several new pump stations across the priorities to add another 230,000 barrels of capacity for July 2015. And we filed an application on this with the National Energy Board just about four weeks ago.

On the US side it's equally straightforward station work for phase two. No new pipe, no sensitive areas. No landowner groups to contend with. We're leveraging our existing footprint, and also filed an application for that phase with the Minnesota Regulator about four weeks ago.

Now, even though construction is underway in the US, the key here is to amend the existing 2010 presidential permit once for the full operating capacity of the line at 800,000 barrels. And while the 2010 permit was silent on volumes, the environmental impact statement on which this permit was referenced only indicated the initial 450,000 barrels per day of capacity. And because of this, the Department of State maintains that a supplemental environmental review must be undertaken to amend that permit.

So the process is underway with the Department of State having collected public commenting on the scope, and having provided that with, to the third party environmental contractor, it's selected in order to get this process underway. The supplemental environmental review however, will be based on an environmental report that we have already filled. So it's our view that with the limited scope, the robust EIS underpinning the original clipper in 2010 that we're going to have that amendment next summer.

The almost C$3 billion [planning in self] project which crosses four states is going well. The land is 96% acquired with remaining tracks and remaining condemnation and negations proceedings. And like Athabasca twining, 70% of our cost is in pipeline. Steel costs are set and construction bids came in line with budget.

And then major state and US core of engineer permits that we worked on for 19 months came in, in August and early September as planned, enabling construction to get underway there as well. So as of Friday, 250 miles of right of way had been cleared and 50 miles of pipe had been welded.

More recently two environmental organizations have taken the US government to court in an effort to try to overturn these permits and a motion for an injunction was heard in Federal Court on Friday. And while the judge reserved the decision, we're very confident the project was properly permitted. There were 52 permits in all on this project. And that the government's process will be upheld by the court.

So to sum up the bulk of the portfolio is tracking the plan. We have a couple of regulatory or permitting issues to manage. But my message to you is that at the end of the day, execution is in Enbridge's DNA. And the competencies and the track record that I've outlined here for you drive our significant confidence in assisting the company to achieve its growth plans.

So with that, I appreciate your attention, and would welcome your questions.

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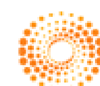

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And if you have some that you think of in the meantime I'll be joining the panel again at lunchtime. Okay. Well, thank you very much. And back to Richard.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. Good morning once again. This time I'm here to wrap up with some financial perspectives on our five-year plan. And as you have seen throughout the morning, Enbridge has a lot going on. All of which translates into a high level of activity for our finance team.

Fortunately we have a first class team both at the corporate center and in our business units and my corporate team leaders are set out on the slide. And I'll read before you here at the panel table as well. They're with me here today to help out with questions that you may have at the end of my remarks.

So, Al, has already confirmed that our -- as we rollout our five-year plan and role it forward to 2017, we've maintained and actually expanded our record inventory of attractive growth investment projects. And a very high proportion of that inventory is already commercially secured with a high level of confidence that will fill in the balance with the various potential opportunities that you've heard about today.

As we've discussed previously the unsecured component of our plan growth capital standing at C$10 billion, represents a risked estimate of what portion of the total potential opportunities under development. We expect it will actually come to fruition.

Some projects, which are close to finalization of commercial terms, are in that mix at 100% probability. At the other end of the spectrum, there are many that are given probability of 25% that both the supporting customer requirements will materialize and that we will be the successful service provider.

The one point I want to clarify on this slide is that we're looking at a capital going into service perspective here. How much growth capital is going into service and thereby driving growth between 2013 and 2017. And this is different from the as spent capital being deployed over the period because that in-service total also includes capital invested prior to 2013, which doesn't come into service until 2013 or later. So just be aware of that distinction when you're looking at these numbers.

And the last point that I'll make on this slide is that the capital going into service has a lumpy annual profile reaching a peak next year. And corollary of this which I'm going to come back to later is that the earnings growth profile will also be bumpy with the biggest kick coming post 2014 as we get the full year effect of that 2014 peak beginning to contribute.

Another important characteristic of our growth capital program, and this is something that I discussed on our second quarter call, is the tilted return nature of much of this capital. It's important enough and a new enough feature to merit re-enforcing today.

The horizontal band on the graph represents the level of full life discounted cash flow internal rate of return on equity, which is typical of most of our projects, low double-digits. For a traditional cost of service commercial structure, the annual return profile year-by-year will equal the full life DCF return and it will do that from the day that the project goes into service until the end of its economic life. So we refer to that as a flat return profile.

This used to characterize nearly all of our projects, and we still have quite a few that would be in that category. However, we also have quite a few where the annual return profile is upward tilted as depicted by the diagonal band on the chart.

These projects still have a full life DCF return in the low double-digits. But they start off in their first full year in service typically with a return in the high single-digits and may require four or five years to climb to that full life return level.

Of course, once they reach the full life return level after that period of time, they must continue to climb above that level into the mid teens or higher in order to average back to low double-digits on a DCF basis. The commercial characteristics, which typically give rise to an upward tilted, return profile are either ship or pay contracts with phased increases in the throughput commitments or an escalating toll profile or both.

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The significance of the return profile to our post 2017 growth rates is that a project having this profile which has its first full year in service in say, 2016, makes some contribution to EPS growth in that year. But by far the largest contribution is in the years following that. And that contribution just continues to accelerate to EPS accretion each year thereafter. And it's the best kind of earnings growth of all. It's the kind that comes without -- once it started, without any need to deploy additional capital in order to achieve that growth.

So this is quite a significant commercial feature that's now reflected in as you can see on this slide, more than half of that C$26 billion of commercially secured capital falling into the tilted return category. This is a very powerful driver of earnings and cash flow growth as we transition into the period following 2017. It's a significant source of embedded organic earnings growth, which is over and above that which will come from securement of additional growth investment opportunities coming into service in that period of time.

Al, talked about the importance of Enbridge's reliable business model, and we continue to support the stability and predictability of our long-term earnings with a conservative financial risk management strategy, hedging a substantial portion of our foreign exchange and interest rate exposures through to 2017 and even beyond.

This does mean that sometimes we incur an opportunity cost. Rates turn out to be more favorable still than those that we've locked in. But we prefer the predictability and the reliability that comes with this approach.

With respect to long-term funding, we continue to stay ahead of the curve with C$5 billion of capital markets transactions so far this year. That's even more than we reported at this time last year at Enbridge days and last year we were the third largest corporate issuer in North American capital markets.

Again, there is a price to be paid for this in terms of higher front end funding cost than would be the case if we carry more of this capital on an [interim] basis at short-term rates. But the benefits that will derive from our growth investments are just too favorable to take any chances on our funding capability.

For the same reason, assuring that we have adequate funding to support the growth program, we have continued to expand our available liquidity with more general purpose bank credit facilities now totaling C$16 billion nearly all undrawn and available.

This brings me to our sponsored vehicle strategy, another important part of our financial toolkit. These vehicles all exists to take advantage of funding niches of one of one kind or another that both broaden our alternatives but also provide lower cost funding after tax for suitable assets. We currently have three such vehicles in place and two new ones under development. One of those was referred to earlier by Mark Maki, it's the creation of a new so called dropdown MLP to hold our US gathering and processing business to be called Midcoast Energy Partners.

We expect this vehicle to provide the funding required for our GNP business, but also to enable the release of a portion of the capital that we currently have invested in this business, thus enabling Enbridge Energy Partners and Enbridge to focus on funding the liquids pipeline's capital and other parts of our gas business.

Another structure that we have under development is a new US infrastructure partnership that would involve co-funding of a portfolio of US investment projects in conjunction with one or more financial institutions.

The most suitable assets for dropdown into our sponsored vehicles, at least, our existing ones are generally mature assets with strong stable or slightly growing cash flow and with limited investment requirements. We have a large inventory of assets across our business units and in both Canada and the US, which fit these characteristics. And as time passes and assets under development mature, we'll have a greater and greater volume of these.

The co-funding structure is being designed to apply to assets, which are under construction such as our eastern access and mainline expansion programs, so it will further broaden the potential funding tool available.

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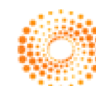

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This next slide sets out our updated five-year funding plan for Enbridge excluding the sponsored investments. In here, 2012 is dropped off and 2017 is added on relative to the recent versions of this perspective. Gross funding of C$35 billion is basically unchanged however from what you would have seen most recently applicable to the prior five-year period.

Cash flow net of dividends is strong at almost C$15 billion leaving about C$21 billion to fund externally over the period. So we're actually going to be able to fund 41% of the program internally, that would compare to 31% in our prior five-year plan. Cash flow is up significantly from that previous plan.

As I have mentioned before, as did Al, we have a good head start on this plan particularly on the equity side and the remaining requirement is very manageable for both debt and equity, as I will come to next.

On the debt side, we have ample flexibility to handle our remaining requirement of C$13.1 billion over the next four and a quarter years between our three issuers. The ability of Enbridge to access both the Canadian capital market and the much deeper US capital market and will also make selective use of non-recourse project financing in cases -- in selected cases such the Woodland and Woodland extension pipelines.

And lastly is that big liquidity cushion I just mentioned that we're carrying which is almost big enough to cover the entire debt requirement by itself. We don't intend to use it that way, that's not the plan, but its purpose is to backstop capital market's funding if that were to become unavailable or too expensive.

Likewise, our remaining equity requirement of C$2.1 billion over the next four and a quarter years is a very digestible amount relative to our market capitalization. Our whole focus here is to optimize our cost of equity funding among our available alternatives to drive down that cost and maximize the spread between project returns and cost of funding.

We have a variety of equity funding sources to choose among to achieve that optimization of cost with a total potential that far exceeds the remaining requirement. So we will be very selective in which of these sources we use. Our benchmark is always to beat the conventional cost of equity associated with the public market for Enbridge shares and our objective is to do so for the entire C$2.1 billion requirement.

Al has already spilled the beans that we are extending our 10% to 12% average annual EPS growth rate guidance for yet another year through 2017 and now off of the 2012 base. We've always made the point that it's a compound average rate over the period and that individual rates may be higher or lower in any particular year than the average.

That's why the growth arrow, as you might have noticed earlier in Al's presentation, is more properly depicted as a wavy line rather than a straight line and that is particularly true for this five-year plan as a result of the lumpy capital and service profile that I discussed earlier.

Between Al and I, we've also spent a fair bit of time on the factors, which will add extra impetus to our EPS growth post 2017, so I won't go into those any further.

The last financial perspective I'll leave you with is management's math of the fundamental or economic value of an Enbridge share. This perspective is lifted directly from the 2013 strategic plan reviewed with and approved by our Board of Directors. It is pretty straightforward math applying a dividend discount model with dividends through 2017 taken directly from the strategic plan.

Our consolidated plan doesn't go out any further than that, so some assumptions are required, but the project models that we have do, at least for the large investment projects. So we know as discussed earlier that we have very strong organic growth momentum building throughout that post 2017 period as well as substantial surplus cash flow to further support dividend growth.

For this purpose, we've assumed and I emphasized, it is an assumption, five years of 10% annual growth in dividends beyond that 2017 period, so that's not intended to be guidance for that period but it seems a reasonable perhaps conservative assumption at this point.

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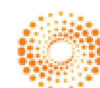

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Post 2022, we've just shown a range of dividend growth rates which would be consistent with the long-term North American pipeline industry, average of about 5%. In our internal project review hurdle rate analysis, we estimate a cap [M] equity discount rate for Enbridge as a whole at 8.5%. Individual projects will exceed this depending on the risks. And we generally target to achieve a premium to that at the project level to avoid churning capital for no benefit to shareholder value.

So the result is as you see on the chart. For a long-term investor who has prepared to wait out market and sector rotation cycles, there's very substantial valuation upside to our stock at the current market price. In fact, there's more upside than I've ever seen in 15 years of doing this analysis. And that brings me to my closing slide.

Our strategic plan reflects a portfolio -- a record portfolio of attractive investment opportunities together with tight management of the associated commercial and financial risks. We have access to multiple low cost funding alternatives and we will use them creatively to minimize our funding costs. All that drives a highly visible industry leading growth in earnings and dividends through 2017 and beyond. In Algebraic form, it can be simplified to this formula with the bottom line being substantial valuation upside.

And with that, I and my team would welcome your questions.

QUESTIONS AND ANSWERS

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Yes, Andrew.

Andrew Kuske - *Credit Suisse - Analyst*

Andrew Kuske, Credit Suisse. Richard, if you could just give us a little bit more clarity and color on the new US co-funding vehicle on how that's set up? And there were some other vehicles in the market that some publicly traded companies have that basically take pension fund capital and their setup is, say, 1 and 10 kind of model 100 basis point fee and then a kicker beyond a certain hurdle rate. Is that the intention here and what duration would the fund be?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Details to come on that. I don't think it would necessarily parallel with structure that you just described, but it would involve introducing financial institution into a partnership structure and with the usual creative structuring that we bring to those types of sponsored investment vehicles. So it would be designed to offer a lower cost of capital from that institution that we could gather in the public market.

Andrew Kuske - *Credit Suisse - Analyst*

So is the intent on it to actually make money on the fund itself and clip a coupon from someone else's investment or is it just to help you on your funding plan and bring in alternative capital?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Yes.

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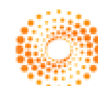

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Andrew Kuske - *Credit Suisse - Analyst*

Yes to both, okay.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

It's intended to provide an alternative supplementary source of capital but only if it can deliver a lower cost of that capital than more conventional funding sources. I wouldn't say by clipping a coupon, I would say by the inherent return structure of the vehicle.

Andrew Kuske - *Credit Suisse - Analyst*

And then just finally, is there a plan to exit for the strategic capital and invest or is it setup more along the lines of Noverco or it's more permanent in nature from the structure standpoint?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

More permanent in nature, we would be looking for counterparties that are long-term investors. And many of you are probably aware of the fact that amongst financial institutions, there's a huge appetite for long-term direct asset level investments these days. And Linda.

Linda Ezergailis - *TD Newcrest - Analyst*

I have a few questions about slide 14 and the assumptions embedded in your updated and extended EPS CAGR guidance, specifically, are you incorporating and I realized [isn't] the robustness in various scenarios so that can play out but are you incorporating any of that C$10 billion of risk capital in that growth outlook or can you achieve that without any -- realizing any of that?

And also, are you embedding any sort of assumptions around further sponsored vehicle dropdowns? And I guess part C of that question would be what be your updated views on minimum Enbridge, Inc. ownership levels for this various affiliates?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. A, B and C, so A related to what's built into that growth rate for the unsecured component of capital, I think and since [Wanda] is the steward of our strategic plan, I think I'm going to pass that one over to her.

Wanda Opheim - *Enbridge Inc. - VP Corporate Development & Planning*

In terms of that question -- sorry, Linda, in terms of that question, yes, we have included our risks capital in those projections, so we do have some earnings. We look at it, as Richard mentioned, on a probability-weighted basis. I think you asked if we had factored in any dropdowns into these calculations or our estimates, no, when we prepared these, we've looked at it more on the conventional equity basis, so we haven't factored in any of the new structuring that Richard has mentioned. And C --

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Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

I think C was how much we'll end up owning or how much we would like to own of the various sponsored vehicles. There's always a significant minimum level that we want to hold just to make sure that we are aligned with the other investors in those vehicles. I think, for example, our Enbridge Energy Partners, at one point, we were down into the low teens and certainly one wouldn't want to dropdown below 10%.

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But in many cases, we're deriving the biggest part of our economic benefit from the incentive arrangements that are embedded in these structures and so although we might have only owned 12% at the head of our ownership interest in EEP, I think we were upwards of 30%, 35% of the cash flows because of that incentive structures. So certainly, not less than 10% following not too far less than 20%. Matthew.

Matthew Akman - *Scotia Capital, Inc. - Analyst*

Yes, I'm Matt Akman, Scotia Bank. Richard, on your slide 11 which is your equity requirement over the five years, it's a chart you've showed for multiple years. My question is really kind of what's behind it because you sort of just divide up debt and equity.

But the rating agencies which are driving part of this like more a fund flow from operations to debt and interest coverage and that kind of thing, what are you really targeting here because, I mean, especially with cash flow strengthening over the coming years, I'm surprised you think you need C$2.1 billion of equity, is that just being conservative or where does this all come from?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Well, good question. We've spent yesterday visiting with some of our credit rating agencies and that we're doing that again in New York tomorrow and Colin is the primary steward of that process so I'm going to ask him to address that question.

Colin Gruending - *Enbridge Inc. - VP Treasury & Tax*

Thanks, Matthew. And so we are solving the equation here multi parts, trying to give balance the protection of our equity investors and our debt investors and I wouldn't call the equity requirement shown here as conservative or aggressive, but it's more the same. It's right down in the middle of how we've been planning and building our financing plans for some time. So this plan will yield credit metrics I think that are consistent with some of the historical ratios you've seen over the last few years. It is a big capital plan and naturally, the credit metrics will be a little bit softer over the next couple of years.

However, it's forecast that it shouldn't dip as deep I think as we forecast back in the '08, '09 clipper lights period, so the -- it's a fairly shallow period and they recover quite nicely in the backend as Byron's team brings on the projects and some reliability.

Matthew Akman - *Scotia Capital, Inc. - Analyst*

Just a follow up question if I could on the alternative vehicle you're establishing in the US and I see you don't have a lot of capital raise allocated to that, still market dropdown so presumably that means Enbridge Energy Partners, if it's working, is still a better alternative I guess or is that how you see it? And related to that, if Enbridge Energy Partners is kind of locked up, is one of the elements you'd consider to reduce the high split levels so that you could remove some of that overhang.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. I'm not sure I quite got the first part of that question. Can you just --

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Matthew Akman - *Scotia Capital, Inc. - Analyst*

We only have C$1 billion of capital raise related to the new co-funding vehicle which isn't a large amount, so I'm just wondering is that just implied that the MLP is still your ultimately preferred vehicle if it's working properly.

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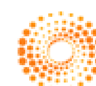

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Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. I think I'm going to take a crack at both side in both of those questions. So, I think we've set that as a reasonable expectation or target as to how much of the funding we could raise to that new vehicle.

I don't think it indicates the balance that's following on the MLP. The rest of that underlying is a composite of all of our sponsored vehicles if, itself, I would say has no dropdown capacity apart from that which is going to be generated internally to the Midcoast Energy, the new vehicle. So that's really a spread between the income fund things that we might do with Noverco and what could come from that new dropdown MLP.

And the second part of your question, just remind me -- oh, the splits. Our approach to that so far has been let's wait and see whether we come to a situation where that's going to be required and at this point, at least, we don't feel we've reached that. Yes, Steven.

Steven Paget - *FirstEnergy - Analyst*

Steven Paget, FirstEnergy. Thanks, Richard. My question I think is going to be for [John] here. There's no hiding, I'm afraid. And there are a lot of assets out there owned by other organizations outside Enbridge that might really sent with an ENF and things that have high free cash flows, low growth profile, they're fully constructed and so on. I guess with Halloween coming at us, ENF intend to go trick or treating and is door knocking to see if others might sell an asset so can increase its scale distributions et cetera.

John Whelen, Sr. - *Enbridge Inc. - VP & Controller*

It's a good question, Steven, and sort of got a three-part strategic plan for the fund, one obviously is focused on just optimizing our existing assets. We'd really want to ensure that we can maximize cash flow from them. Two is there is organic growth opportunity within the fund itself or has been in the past. It's been a pleasant surprised and we will pursue those.

But the third leg, of course, is acquisitions and we talked about acquisitions from Enbridge, Inc. which is what's been prominent over the last couple of years. And from the looks of the slide that Richard has put up on the screen today, there certainly is plenty of opportunity there and if we can acquire those assets that [attract] the prices clearly, we and our independent directors are going to be interested in pursuing those.

That doesn't preclude necessarily third party acquisitions where we think we have some strategic advantage or competitive fit as you know the market is extremely competitive right now for assets of that type witness the interest in institutions funds, non-taxables, pension funds and so on and so forth to Richard's earlier comment about the US vehicle. So we are in a very, very competitive market in that regard as well.

But if there is some strong synergy, if you will, between some of our existing assets based on that it might be quite logical of the fund to have a look.

Steven Paget - *FirstEnergy - Analyst*

Thank you, John. And I supposed the reasonable follow up is, is there a Canadian funding vehicles that looks a lot like the US co-funding vehicle? Is that possible?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

It is, in fact, possible. You're getting a little bit ahead of us there, Steven, but that same conceptual structure for funding assets under construction could be introduced into Canada. It just so happened that we started down that process with the US structure and so that's immediate priority.

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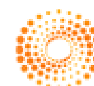

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Steven Paget - *FirstEnergy - Analyst*

Okay, thank you.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Yes.

David Noseworthy - *CIBC World Markets - Analyst*

David Noseworthy, CIBC. Just a quick question following I guess on last year's investor day. The idea had been -- there had been a plan that you received about C$1 billion a year dropdown to ENF and so now we're here, we're staying for 2013, looking forward. Is there expectation that we have two more years of dropdowns or that it's all competitive and then just maybe no dropdowns, it was the best source of capital or can we say -- well, there's a runway here that goes beyond what you said in 2012?

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. Well, so first of all, we would view dropdowns -- continued to view dropdowns to the income fund given that large inventory we have as being a good potential source of supplementary funding for Enbridge, in other words, issuing equity out of the fund to support our existing asset base rather than issuing incremental equity at the Enbridge level to fund the growth program. And I wouldn't say that there is a must do amount in total or in any individual year that we've said like that is the plan.

The plan is always to pick and choose what's the most optimal source of funding for Enbridge and the fund, of course, has to consider its alternatives and acquisitions as John just said. But nevertheless, I would be very surprise if there weren't additional dropdowns to the income fund that were found to be win-wins like the last couple have been that we would see during the duration of this plan and probably sooner rather than later. And did I cover it all there?

David Noseworthy - *CIBC World Markets - Analyst*

I think you did. Maybe one last question and it might be for John, in terms of ENF's preference among its dropdown, so it's still the idea to maintain that equal balance between the different segments.

John Whelen, Sr. - *Enbridge Inc. - VP & Controller*

Yes, right now, we're probably -- if you're looking at cash flow available for distribution pre-corporate charges and so on, it's about 40-40-20 green energy liquids transportation and storage and then 20 for the gas transmission. I think we've liked the balance going forward and certainly, it would appear that our investors like that kind of balance.

However, probably the most important point is the one Richard mentioned earlier and that is the predictability and stability of the underlying business model of the asset or business in question. That's probably what's going to be the real differentiator and that's where our independent committee and their advisors are going to be focused most closely. So I would say that mix will be a little bit lumpy over time, but we like the mix quite frankly.

David Noseworthy - *CIBC World Markets - Analyst*

Thank you.

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Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Okay. Patrick.

Pat Kenny - *National Bank - Analyst*

Pat Kenny, National Bank. The dividend CAGR guidance of 10% to 12% over the next five years is down from the 11% to 15% range I believe last year at this time, yet the total unrisked capital of C$36 billion is largely unchanged. So I'm just wondering what else is driving that reduction.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

Yes. I'm not sure about last year's guidance. I guess I have to go back in perspective from the guidance was 11% to 15%, I think we might have been portraying the possibilities. So I wouldn't say there's anything significantly different in our view in the [world] this year than last year. And Carl.

Carl Kirst - *BMO Nesbitt Burns - Analyst*

Richard, thank you. Just looking at the C$10 billion of unsecured capital I think last year, there was a breakout as far as how much of that was kind of put out there on 100% basis, I don't know if you could provide that this year as well as far as maybe what the absolute number is as well as maybe key projects that we should be looking that is basically held at the 100% risk adjusted level.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

I didn't hear all of that clearly. In terms of guidance as to what projects might be within that C$10 billion, that would be a long list because that is a risk down version of [total] potential, so it's not specific projects. There are a few specific projects in there that are in that 100%.

There might have been the odd hint drop earlier this morning as to what some of those could be, but by and large, that's a long, long list of projects that have been risked down to arrive at that number. And I think from a commercial point of view, it wouldn't be in our best interest to be laying out all those projects until we reach the point where they are secured and we can announce them.

Carl Kirst - *BMO Nesbitt Burns - Analyst*

Thank you.

Richard Bird - *Enbridge Inc. - EVP, CFO and Corporate Development*

And I think at this point, I better turn it over to the boss and if you have any questions left for me or any other member of my team, just catch us afterwards. We'd be happy to chat more with you.

PRESENTATION

Al Monaco - *Enbridge Inc. - President, CEO*

Okay. Thank you, Richard. Most people think Richard does all the work, but it's actually these four people that do it all, just in case you're wondering. Before I try and wrap up here, I just like to pause for a minute to ask if there are any final questions in terms of the panel that was up here that got caught a little bit short.

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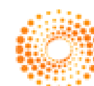

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They have volunteered and they don't know this yet, but to miss their lunch and entertain any questions you have. I think we're getting pretty close to 12.30, so it's probably best that we try and wrap up but if there are questions for that group, Leon, Byron and Vern and Steve, please hang around a bit and we'll work those in.

Any other final questions before we wrap up? There's one here. Then there's a few observations I'll make on some of the questions just at the end here. No? Okay.

Thank you very much for your attendance and your patience today especially during that fire drill or something like a fire drill. There's a few things, just to go back to -- I think, Linda you had a question on where this -- the under identified items wherein the plan members and in the projections, I think they are as Wanda pointed out. I will say though that the primary driver of the 10% to 12% is the secured projects. In fact, the way to think of it, the lower end of that range is really driven by the secured and think of the upside as related to the unidentified.

The other thing I would say, we had a lot of conversation around rail today and just as I was thinking through and listening to everything, it just occurred to me that the way we think about it is rail is here to stay in one form or another and I think that point was made. But if you look at many of the production profiles and many of the basins around North America, they're upward sloping and that's because of the type of plays and oil sands et cetera.

The way we think of what we're trying to attack is the meaty part of that production profile, in other words, our business is best suited and the risk that we managed the business around is suited to the meaty part of the curve where as those volumes that aren't as certain would likely be taken up by rail at least in the shorter term until pipeline solutions can be designed.

There was a few other things just in terms of general observations, I think it's pretty clear that we've touched on today our business has changed quite a bit over the last couple of years. There was a lot of discussion about regulatory risk. But the takeaway simply, from my perspective, is that we are well positioned on that front.

If you think about when the major projects group was established back in 2008, we were really concerned about managing cost and that's still true today. But the expertise that we have in that group has really allowed us fortuitously to manage the other kinds of risks that have popped up here just recently in the last couple of years.

The other comments, I'll just come back to Vern's slide on the capacity versus production out of Western Canada and I think the point I wanted to make is producers really are looking for and Vern made a point, but just to emphasize a little bit of extra capacity here because the consequences of not having enough capacity are quite dire and as Steve pointed out in the tens of dollars, being lost. So having that buffer, having that extra capacity is a very important insurance and I think that's a key aspect of how our industry on the upstream side has evolved.

And then the final point around this whole concept of how our business is changed. It used to be that our major focus was between pipeline company or the mining company or whomever on the landowner and that relationship still exists and we work that very hard. But certainly, our focus as well now as a company and where we spend a lot of energy is more generally on public opinion because that's what drives a lot the timing issues that we're seeing, so we're spending time on that.

So we covered a lot today and just to summarize where we are. Most importantly, I hope you've taken away the message that the business model that this company was founded on and that has made us successful remains intact and is not going to change. That's who we are. We have added good value for shareholders with that model and we don't intend to change that.

I think as you saw the fundamentals of our business are very positive and that means significant infrastructure opportunities for us. And if you think about the map on the very first slide that we had showed and I guess I should advance this, if you think about that map, the assets that we have and the history that we have in North America has really put us an excellent competitive position to capitalize on all of those opportunities that we're seeing in North America.

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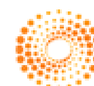

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We talked about our three priorities, the first one and most important is the safety and operational reliability of our systems. That's primary and that's what's going to allow us to grow the business going forward. We talked about execution as being the second priority and that includes both on major projects and capital, funding and our people. And if we execute well, we will deliver on this 10% to 12% earnings per share growth.

And then finally, extending the growth beyond 2017, as I said earlier, it's our job not to just think about the next few years but to position the company for the future and that's what we're doing. C$36 billion is capital projects and inventory, C$26 billion of which is commercially secured and that C$10 billion, as I said earlier, a few of those are baking quite nicely in the oven.

This and the other opportunities gives us the confidence around this 10% to 12% over the next five years and then we have several ways to extend that beyond 2017. I think we've covered that. Most notable is this filtered return profile though and that's the best kind of growth there is because we're not having to put capital into the ground in order to do it. And I think Richard illustrated that well in his discussion.

Just to clarify on the dividend growth, there was a question here right at the end and just to be very clear, dividend growth is going to track earnings per share growth and I think that's the way to look at it. Importantly, as we saw earlier, the funding plans that we have are well advanced. We're ahead of the curve and that's where we want to be and we have a lot of excellent sources of capital going forward. And what we really like is the fact that the focus here is really on optimizing the overall cost of capital through these vehicles.

One final note is that we all recognized that the sector that we are in is interest rate sensitive which we've seen play out here in the last few months in terms of the various securities including our own in the market place in our sector. But we believe that our national exposure to rising rates is lower than most companies in this sector, in fact, most. And a few reasons for that, as we saw, we've prudently locked down our exposure to interest cost on the vast majority of our capital program, so earnings are not going to maturely be sensitive to rising rates from here.

In addition to that, most of the [tolls] that we have in our system, in some form or fashion, are indexed which reduced the impact of inflation. That doesn't necessarily meet all of the exposure to interest cost rising but a chunk of it for sure in terms of being able to manage our cost, we've got that inflation indexing built in.

And then just generally, the embedded equity return that we have, for example, at EGD is derived impart by the underlying long-term bond which adjusts through rising rates and, of course, that inputs as well into the returns on equity that are allowed for that business.

So, I guess with those three points and then the final general point is that if you look at the return expectation for Enbridge, I would say we're certainly much more driven by pure growth than we are yield and obviously that has an impact on how sensitive we are at least in theory to moving interest rates.

So in our mind, all of this provides a very attractive value proposition for our shareholder and particularly if you look at our business on a risk-adjusted basis. All of it means as well that we're well positioned to continue to deliver the shareholder value that you saw in one of the very early charts. I think our outlook and Richard referred to this as well is better than we have seen before and we hope that we have provided a high degree of transparency into the growth and what outlook that we have.

Finally, at the end of the day, I think that we've got good assets. I think that's very clear and that leads us to have a very good competitive position and we've got the growth. But the management discipline that we have to overlay is also very important and I hope by having some other people today here gives the investment community and our other stakeholders confidence that we've got a good team here to manage the program and move the company forward.

So with that, we thank you for your attention and waiting through the alarm earlier today, we're just about on time. I guess in Byron's parle, we're on schedule in terms of our project today and please join us for lunch which happens now at 12.30. I think it's the room next door if I'm not mistaken. And hopefully, there'll be some other questions through lunch. Please seek our people out. Thank you.

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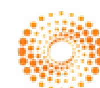

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