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PRESENTATION

Jonathan Gould *- Enbridge Inc - Director Investor Relations*

Good morning, everyone. If we could -- everyone, just get seated, we'll kick it off. Okay, well, good morning. My name is Jonathan Gould. I'm the Director of Investor Relations here at Enbridge. And it's my pleasure to welcome those of you who made it here today as well as those who of you who are listening online to our webcast to our 2017 Midyear Investor Update.

Now this is a new event for our outreach program, and as you're well aware, it's now been about 3 months since the merger with Spectra Energy closed. We thought it would be timely to get in the front of the investment community again to provide an update, a bit of an update on how things are going, take the opportunity to reintroduce the combined company's strategic platforms and really to provide you a forum to interact directly with the executive team.

Now we'll -- of course, we'll also continue our annual tradition of the full Enbridge Day Investor Conference, where we generally roll out more fulsome strategic plans and multiyear financial outlooks. But those will now be scheduled for December, once we've wrapped up our full planning cycle.

So before we get into the day, a couple of quick housekeeping items that I'd like to take care of. As is customary at Enbridge, we'll begin the meeting with a brief safety moment. So in the event of a fire or a full building evacuation, you'll hear rapid beeps on the sound system. If you can please make your way in an orderly manner to one of the exits, we've got lots of options here around the room, most of which will filter you back to where we came in and the staircase that leads down to the lobby. And we'll regroup at a muster point just across the street at the park.

In terms of the process and the agenda for today, you'll hear from various members of our executive team. The format will be a presentation followed by a Q&A for each section. For the benefit of those listening on the webcast, I would ask that you use the microphone that will be circulating and please introduce yourself prior to asking the question.

You'll note that we don't have a formal break on the agenda this morning, so if you can please come and go quietly as you need. We will try to keep -- try very hard to keep to schedule here today and try to wrap up around noon. So if there's additional questions that we're not able to get to, the executive team will be available to chat with at the lunch, and of course, as usual, the Investor Relations team will be accessible at any time for follow-ups.

And finally, I'd note that our comments today may refer to forward-looking statements or non-GAAP measures. As such, I'd ask you, please take a moment to review our standard disclaimers here.

So with that, I'll hand it over to our President and CEO, Mr. Al Monaco.

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

Okay. Thanks, Jonathan. Good morning, everybody. Welcome to those on the webcast.

When we announced the Spectra acquisition last September, we were pretty excited, but even, I think, more so today, as we're seeing, in my view, renewed optimism in the energy space now. Despite yesterday's up and down in the oil markets, I think things have generally stabilized on price compared to last September, and capital is flowing back. We're seeing excellent cost improvements, including on technology side. I think I would say, more generally, energy is again being recognized as an important economic driver. So this midyear update is our first meeting since we closed the deal, and given the expanded scope of the business, we're really planning to make this a permanent fixture, if not more frequently even, during the year.

I've just completed, as you know, a very large combination and broadened the shareholder base. So today, we'll talk about our approach to the business, our key priorities, which you see briefly on the slide here, and update you on the growth and synergy capture.

There are a few themes that we hope shine through today. With this single transaction, we've diversified our cash flow and opportunity set, extended growth and effectively repositioned our company well for the future.

We just had day 100 of -- since the closing yesterday. We made great progress on integrating the assets, the operations and the people in a very short period of time. The objective that we had was to get out there quickly, make early progress, and we're hitting our targets. We believe we have a very attractive value proposition combining organic growth, a very low-risk profile and premium dividend growth.

Now over the last 18 months, we made a step change as well in our balance sheet. We have great access to capital from multiple sources that John will take you through, and we think that will optimize our overall cost of capital.

And finally, strong embedded growth, our backlog and the best competitive position, we believe, in the business, all contribute to our outlook of 10% to 12% average annual dividend growth through the next decade.

The last time we presented our business plan was almost 2 years ago at Enbridge Day in the fall. A lot has changed, obviously, since then. The Spectra deal is a game changer for us. So before I get to the priorities, I want to spend just a minute on what led to this deal. If you go back all the way to 2001, we were weighted about 50-50 between oil and gas infrastructure. Between then and 2015, we went through a major growth phase and successfully put about $43 billion of capital into the ground, much of it crude oil infrastructure that was there to support big growth in Western Canadian volumes. Now we knew this growth spurt was going to heavily weight us to oil, but we wanted to capture those highly profitable investments while they were right there in front of us. And that drove, as you see, exceptional dividend growth and value creation for our shareholders.

At the same time, we had a very positive view on natural gas fundamentals and that gas, in any pricing scenario, would be very strong. Those factors led us to think about ways to diversify the opportunity set and extend our growth into the future. So we outlined that priority. We talked about that with investors and our criteria for what that would need to look like, which you see in the slide here.

Now this was a difficult situation in a way because our liquids business had and still has highly visible and secure growth in solid future prospects, and its long-term stability is intact even in a weaker price environment. So jeopardizing the low-risk profile in the name of diversification is what we didn't want to do. So the question was, how do we capitalize on these natural gas fundamentals while maintaining the overall risk profile?

You'll know that most of the gas infrastructure companies out there are midstream focused, with profiles, frankly, that are inferior to ours, but Spectra stood out as a growing but low-risk gas pipeline and utility company with a growth platform that would significantly move our needle. We were convinced that Spectra would fully diversify us while protecting the stable and predictable cash flow value proposition.

So this is what we look like today. We believe we have the best natural gas and crude oil platforms in North America. We're well diversified and positioned for organic growth in several areas here. The business risk is low, and we have a strong balance sheet and credit ratings. In a nutshell, the way we look at it is we have a solid utility-like business with superior returns and much higher growth than the pure utility space. And we think that makes us a must-own investment now and at any time, depending on what's happening in the markets. It's been 3 months since the deal closed, and things are progressing well, as I said earlier. The investor response, we think, has been very positive to the strategy and to the industrial logic for the deal.

There are 3 priorities that guide how we're going to maximize value in this much larger business: number one, focus on organic growth because frankly, that's what we do best and that's what adds the most value; number two, minimize risk and ensure stability and predictability of cash flows; and three, streamline the enterprise to optimize returns and cost of capital.

Let me start with the organic part of this. Our view is that the North American energy fundamentals are exceptionally strong. In fact, the combination of unparalleled unconventional resources, technology that's far ahead of the rest of the world and a 30% improvement in costs will make North America a global energy exporter in the not-too-distant future. That's going to translate into infrastructure opportunities for us, overall in North America, $700 billion to $900 billion available over the next little while. Our assets are extremely well positioned. As you can see, we move about almost 30% of the liquids in North America and now 20% of natural gas.

Our systems are uniquely characterized by what we refer to as supply push from the low-cost basins in -- on this map here and direct last-mile connection to demand pull markets. Whether those demand pull markets are PADD II, III and IV refineries, sourcing crude from our liquids systems with direct connections or our ever-growing Northeast and Southeast utility customer load for the gas business. These markets aren't going away soon, neither are our assets that feed them, which makes this map and these assets extremely valuable.

I don't want to overlook the gas utilities. Frankly, I love these businesses. Both are located in Ontario's strong economy with a very long track record of success and above-average rate base growth. And then of course, there's the NGL platform that's ideally positioned for improving prices feeding growing domestic and global demand.

This chart here proves out that we're already capitalizing and generating excellent growth. And I'm very confident, we'll capture solid opportunities, organic ones, for many years to come.

Now there's 3 observations about the left-hand side of this slide here. First, we've got $31 billion of projects coming into service through 2019 or shortly thereafter. $14 billion is scheduled for this year, $4 billion next and $13 billion in 2019. The second thing is secure growth is very nicely balanced across liquids, gas and the utility business. The bars that you see here represent 30 projects, most of which are less than $1 billion in size and are extensions and expansions of the existing assets, which in this environment helps mitigate permitting risk. And third, this $31 billion is actually $4 billion higher than when we announced the Spectra deal, which demonstrates some early progress, great progress actually, in securing a very healthy backlog.

Now these projects are going to contribute a large amount of incremental EBITDA, and the chart on the right shows that we expect about $2.5 billion of incremental EBITDA even before the Line 3 replacement in 2019. This EBITDA, importantly, is from long-lived assets in -- which, by itself, supports considerable dividend growth in the coming years.

Here's a quick snapshot of the most recent additions I was referring to. In the last couple of months, we've secured 2 new gas projects: the $500 million Spruce Ridge project and the $1 billion T-South expansion both in B.C. Bill Yardley is going to give you some background on these, further background, and talk about the open season results that just closed out on June 2. These are solid, fully backed projects that are exactly what we expected coming out of the Spectra deal. And this week, we also finalized the expansion of our German offshore wind project, bringing that investment to over $2 billion. This is a solid near-term project with long-term PPA.

When we announced the Spectra deal, we indicated a probability backlog of $48 billion, which we're going to be updating at the next Enbridge Days at the end of the year here. And that would extend our growth beyond 2019. Of that, we estimate that we capture about $5 billion to $6 billion a year to support that post-2019 period. Given our track record of securing projects in the past and this recent couple of months here, I don't think this is an aggressive assumption at all. And the team is going to provide more insight into why we think that's the case.

I want to pause here for a minute, though. Most companies don't venture beyond the next couple or 3 years. So I think it's a testament to our development capability and the competitive positioning of our assets that we're talking about the next decade. But it does bring me to how we're going to filter opportunities and allocate capital in a much larger company and one where we have a lot more potential investments coming at us. In fact, as I look at the expansion and extension possibilities around the existing assets alone, there's not going to be a shortage of opportunity here. But we are going to be highly disciplined, which means that we're not going to win every project, nor would you want us to, in my view.

There's a lot of capital flowing into this industry right now competing with us and, frankly, doing things that we won't do. Couple of examples, Companies and private funds are taking commodity and volume risk with shorter contracts and weak credits to gain exposure to this asset class. Passive investors are making acquisitions at multiples that don't make sense to us, and others are putting capital at risk before having commercial backing. Today, there's a lot more speculative capital chasing infrastructure than I've ever seen in my career.

Now the good news is that with pipe in the ground and the great competitive positions you saw on the map, we're going to win our fair share of those projects. But my point is we're not going to compromise our investment discipline.

In that vein, let me talk about our acquisitions, and for that matter, divestitures are going to fit in here. There's two cases where we'll be serious about acquisitions. For us, larger-scale opportunities have got to come with platforms that spawn organic growth on their own and optionality to future growth. Otherwise, we're just buying cash flow. A case in point is the Spectra assets, which are accretive to our long-term growth. And if you go back, Consumers Gas was the same type of story. We will consider smaller-scale opportunities to fill in the strategy. We did that on the Seaway acquisition at the time or even more recently Dakota Access, both of which, frankly, we jumped on because they were linchpins to the strategy: market access for the liquids system.

It's unlikely you're going to see us doing a large-scale deal anytime soon because we're quite happy with the organic platforms that we have. We'll also rationalize assets that have limited growth so we can optimize returns by redeploying that capital into organic growth. And we've already monetized, as you saw, over $2 billion that fit that category. From here on, we're going to evaluate opportunities that release value when we see it.

And it's also our job to think about the broader capital allocation options to maximize value. The chart here illustrates free cash flow net of dividends that we expect to generate from existing assets and secure projects that are now on execution. And importantly, John is going through these in more detail. We'll be entering post-2019 only a couple or so years from now with even stronger credit metrics. We're forecasting in the range of $20 billion in free cash in this '20 to '24 period, which is available for redeployment in ways that maximize value. We had been faced with this exact same picture in the past and various times and always found economic investments. The preference is to redeploy free cash to organic growth. But depending on the quality and size of those opportunities we see then, we'll also have the option to do other things, like boost the dividend payout closer to that of our peers. The point is that we're going to explore all means of releasing value for our shareholders.

I want to move now to the second priority: maintaining a low-risk profile. There's a lot of talk and focus about growth today, but there's an equally important part of the shareholder value equation for us, and that's minimizing risk to ensure we achieve the lowest cost of capital. And that's critical, as you all know, in maximizing opportunities to make highly accretive investments. Minimizing risk also ensures stability and predictability of cash to support a highly transparent dividend outlook. And that's really important to us.

At the corporate level now, aside from business needs, we really attack risk in 3 ways: diversification, strong commercial underpinnings and maintaining safety and reliability of our systems. I'm going to start with that last one first.

Investors, you all here, rightly assume we're managing this priority. But I'm going to say what I say to the people across our company every day: We can have the best growth in the industry, but if we're not world-class on safety, environmental protection and operational reliability, nothing else is going to matter. I'm not trying to be dramatic here, but this is simply the reality in the infrastructure business. If you're not focused on this, you'll eventually lose the confidence of the public, your customers and, of course, your regulators.

In addition, safety and reliability -- to safety and reliability protection, maintenance spending that we have supports the revenue line. If you minimize downtime, you serve your customers well, you're more dependable and you keep the meter running. We set aside maintenance and integrity spending first. And we're focused on being at the forefront of all the elements that you see here. This year, we're going to spend roughly in the order of $1.4 billion on maintenance and integrity, so you can assume that level roughly over the coming years.

I encourage you to challenge us and others on safety and reliability because it's critical to success in today's environment. And not every company looks at this the same way when it comes to maintenance, integrity management, technology, safety, culture and so on. So my point of this is that I think this is a key differentiator.

One of the best things about the Spectra deal was that it rebalanced our portfolio and long-term opportunity set. The natural gas business now represents almost half of the EBIT, and our secured projects are similarly balanced. Our secured projects are also well diversified, as I mentioned earlier, around size and geography, which minimizes execution risk across a much broader set of projects. The rating agencies, by the way, when they reviewed the transaction and subsequently in their reports, took note of this exact picture when they issued their commentaries.

The most important driver of stability and predictability of cash flows is the commercial underpinning. Now you've no doubt heard lots of companies talk about fee-based or contract revenues, but we believe we have the strongest commercial underpinning of assets in the sector. Almost 100% of cash flow is secured under long-term contract or similar arrangements. 93% of our nonutility long-term commitments are from investment-grade customers or equivalent. That really shone through when oil prices were at their lows a couple of years ago.

These factors were a big consideration in assessing how Spectra would fit with us. The pies you see here are virtually the same before and after the deal. Again, this is a differentiator we intend, and we intend to stick to the model. The proof's in the results. When the energy downturn happened, our cash flows kept growing and were highly predictable. And the same can be said of the legacy Spectra assets. We're not going to dilute the commercial underpinning that we've assembled here. This is such an important issue, in fact, that the business unit leaders and John will come back to this.

The final element of managing risk is financial strength. Through the crisis and the commodity downturn, the resiliency of the business model and our financial position proved their worth. Even so, we bolstered the balance sheet for an extra level of protection during our capital build out. At the beginning of '16, you'll recall, we made a decision, a tough one at the time, to get even further ahead of our equity funding needs, we raised $5 billion in 2016 across the Enbridge Group. That effectively funding our -- funded our equity requirements through 2017, and I think that was well received by our shareholders.

Now if there was any doubts about the resolve on this, we funded 100% of the Spectra deal with equity, and we added another $2 billion to that through our asset monetization program. When you combine that with the significant diversification benefits of the deal, we feel we have made a step change in financial strength and lower risk.

On dividend policy, Enbridge and Spectra had different payouts. We maintained our conservative payout of 50% to 60% of ACFFO, which puts us at the very strong end relative to the peer group. We think that's prudent given the magnitude of our capital program at the moment. But given the strong balance sheet, growing and highly predictable cash flows, we've got flexibility beyond 2019 if warranted.

In addition to the growth and maintaining low business risk, we're now focused on streamlining. In the last 2 years, we made great strides in cost efficiency across Enbridge, but with our new larger footprint, they'll be even more critical, and there's more opportunity. So there's 3 main areas here. Number one, you'll recall we estimated run rate synergies of $540 million out of the Spectra deal. We're pleased -- very pleased, in fact, with the progress so far. When we announced the deal actually, we were ready. We had begun planning before that, and then after, we announced the more detailed synergy capture plans. And within 3 weeks of close, we laid out the entire organization and completed the initial wave of synergies. We expect to get 40% to 50% of the $540 million this year, another 30% in 2018 and the rest in 2019. So we're right on target.

We also identified roughly $260 million of tax synergies starting in '19. Legacy Spectra assets would otherwise be taxable by then, but the combination allows us to reduce overall tax.

There are some other streamlining opportunities that we don't build -- didn't build into the economics of the deal but are showing early promise, namely, corporate efficiencies and commercial synergies. There's going to be a continuous drive for efficiency. We started that a couple of years ago actually at Enbridge, which is being led by an executive member reporting to me, Karen Radford. Over time, we think there's upside to the $540 million as we centralize support functions, streamline, standardize and really work the supply chain.

On commercial synergies, a much larger and diversified asset base is bound to allow us to offer customers with a wider range of options and commodities through the value chain. We've begun identifying commercial opportunities. Now Guy is going to take you through an early win related to revenue optimization on Express-Platte and potential connections and expansions. Bill and Cynthia will also highlight some of their opportunities. So the point of this one is that further cost savings and synergies down the road provide a support for the 10% to 12% dividend growth beyond 2019.

Finally, with the completion of the EEP strategic review, let me just outline the role that sponsored vehicles play at Enbridge. As we've said, we believe the sponsored vehicles can be effective and efficient way to hold and grow our energy infrastructure assets. Over the long term, I think that's been proven in their ability to attract capital in most market conditions. The objective of these vehicles is to play a role in optimizing our overall cost of capital for the group. But to be clear, we realize that to be effective, we're focused on ensuring they have strong investor propositions in their own right.

By restructuring EEP, taking MEP private and simplifying DCP, we streamline the structure. These vehicles hold critical infrastructure assets, low-risk commercial structures are there, and they come with highly visible stand-alone visible growth plus potential for dropdowns. They all have strong balance sheets and distribution coverages, so they have self-financing capability. To reiterate, we have no plans to combine SEP with any other of our sponsored vehicles or transfer the Midcoast assets to SEP. Further on SEP, we think this vehicle is a very important part of the Enbridge family now. And enhancing that, SEP being strong will continue to allow us to improve and grow our natural gas business.

Once through its organic program, we have top-quality dropdown opportunities. Valley Crossing and Vector are 2 examples. So hopefully through this process, we've demonstrated our support and commitment to be successful with our sponsored vehicles, and we're confident they're well positioned and strong at this point. We'll continue to evaluate opportunities to simplify or purify where applicable, but that would be in the context of refining and enhancing what we already have.

Let me recap now the big picture, then we'll get to questions. This slide recaps the priorities and early progress in the context of a much larger enterprise. A common thread through all of this that you see here is that the Spectra deal was transformative and is going to play a key part in their future. We've got $31 billion in strategic and economically attractive organic projects in execution that's going to drive ACFFO growth. You saw that with the bar chart. We'll continue to be disciplined on capital and making sure that we're focused mainly on organic growth. We meaningfully diversified the cash flow and opportunity set to further minimize our overall risk. Through several actions, we made a step change in our financial strength. Streamlining the company will be a big priority as we made great progress on target synergy capture so far.

We're looking for ways, as well, to further enhance efficiencies and focused on portfolio management to optimize the overall return. And of course, as I just mentioned, I think we've taken concrete action to simplify and strengthen our sponsored vehicles. These priorities here that I've gone through and the actions support the basic value proposition, which will be familiar to our longtime shareholders and equally attractive to new investors.

Basically, we offer a unique combination of strong organic, stable, predictable cash flows and premium dividend growth. We'd have a strong -- we've had a strong trajectory of dividends and total returns, as you can see here. In fact, in the last couple of years, we've increased the dividend -- 3 years actually, by 60%. Our business model has worked, and we're confident it will continue to deliver superior value as we move through as a much larger and more diversified business.

In closing, let me just talk about how this all comes together with 2 things, first, our confidence around future dividend growth, which we expect to average 10% to 12% through 2024. That confidence is essentially driven in the early part by $31 billion in secured projects through 2019. After that, it's the strength of the platforms in organic growth; contractually rising returns on the asset base that we've talked about in the past; and flexibility, some flexibility in the payout, all of which support the 10% to 12% growth rate after 2020. We feel very strongly about the dividend outlook, and it's a priority for us to deliver that premium dividend outlook to our investors as we always have.

The second thing and final thing is the strength of our commercial underpinning and predictability of cash flows really reflect a utility-like investment. However, this comes with a much higher dividend growth than offered by utilities.

So before I pass it on to the team, let me just comment here, we focus very heavily on succession at Enbridge. You're going to see the depth, not just with the people speaking today, but the executives that aren't here and throughout the organization. It's very important that we stood up the organization well on day 1. I think that was accomplished. And maintaining stability and continuity of management was extremely important. So today, you'll see the usual suspects, but we also have Bill Yardley, who leads the Gas Transmission and Midstream business, building on what's been accomplished in the Spectra legacy assets to this point. And that was key for us to make sure that we retain the critical elements of the gas value proposition that we were actually acquiring. And then Cynthia Hansen is in a new role, overseeing the 2 utility businesses.

So before we get to them in terms of the business units and John with finance, let me just open it up to questions at this point.

QUESTIONS AND ANSWERS

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

We have a question here. Rob?

Robert Catellier - *CIBC World Markets Inc., Research Division - Executive Director*

Rob Catellier, CIBC. I was wondering if you could help us with the returns from the capital you're deploying here. Maybe we're not linking the right numbers, but you mentioned $31 billion of secured, generating $2.5 billion of additional EBITDA. And while that might be -- might still be accretive to your existing -- your trading multiples, it does seem like a relatively high multiple to construct. You did also mention the competitive environment for issuing -- for competing for projects. And maybe you can link those 2 things and give us some indication as to how much capital you have to deploy annually in the 2019-and-beyond phase to achieve those per-share growth targets that you set out.

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

Okay. Well, that's a good question actually. The $2.5 billion is -- really doesn't reflect the full implementation of the $31 billion. If you look at the $31 billion relative to the full increase in EBITDA that we're projecting out in the 2019 area, you'll see that the multiple comes down. So you're dealing with an odd period there in 2018 with the $2.5 billion that I was talking about. But certainly, generally speaking, anyway, the EBITDA multiples that we're investing at are very, very opportune, let's just call it, anywhere from that 6 to 7x range. I think if you just work through the chart there, you'll see that bears out. I'll also say, though, that some of the investments naturally come with upward-sloping returns. So you're not getting that on day 1, which we like, in fact, because in those cases, they are contractually underpinned growth in growing EBITDA because of the contractual underpinnings and additional commitments that are provided by the customers.

In terms of the competitive environment, I think that's a great question, too. As I alluded to in my remarks, there is a lot of capital entering the business, and I think our biggest challenge is going to be making sure that we keep the discipline and not get carried away. I think, to be honest, we don't perform very well in auction-based type situations, where assets are being exposed to a whole bunch of players coming in. We do best where it's organic right around our assets. To your question about what kind of numbers we're talking about, I think underpinning that 10% to 12% dividend growth, there's 3 things. There's about $5 billion to $6 billion assumed annually in spend from the backlog beyond 2019. As I said, I don't think that's a stretch at all. In fact, our problem is going to be how we sift through the number of projects coming at us. So it's probably $5 billion to $6 billion, I would say, Rob. And then of course, as we said, we've got some room in the payout. By 2019, '20, we'll be at the very low end. So we've got some room between the 50% and 60%. And then, of course, you've got this upward-sloping natural profile that we have with some of the assets. So I think that's how that all comes together. Hopefully, that answers it.

Robert Catellier - *CIBC World Markets Inc., Research Division - Executive Director*

That's very helpful. If I could just add one more quick one. I think at your last Investor Day, you talked about building out the U.S. Gulf Coast, and you were at the formative stages of a business plan there. This might be better handled by some of the business line managers later, but today, I got the sense that you see North America progressing more and more towards an export-oriented market. So it would seem to me that, that strategy would take an increasing priority and importance in your business strategy there.

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

Yes. I think you've picked up on it for sure. If you look at North America and the competitive advantage that we have in finding oil and gas cost-effectively, it's just a natural that we see a lot more exports. You're seeing it already, crude oil, natural gas, LNG is moving off the Gulf Coast, and there's going to be a lot more. We're probably going to see North America being the largest participant in market share within LNG over the next couple of decades. And you're seeing NGL exports and refined products. So the export market is a huge opportunity for sure.

On the Gulf Coast strategy, it's probably Guy's -- one of Guy Jarvis' top 3 priorities. So he's going to cover that. But all I will say at this point is we had actually made some early progress in our thinking last year, probably early in 2016. We then got right into the Spectra assessment. So to be honest with you, we thought that we had to focus our energy on that, our time in evaluating that. We did that. But I would say, having access to the water is important for us in the future for the fundamentals we just talked about. So that's going to be a big priority. I think I'm going to -- there was one question first, and then I'll go to Linda. Yes?

Rebecca Gill Followill - *U.S. Capital Advisors LLC, Research Division - Senior MD and Head of Research*

Becca Followill, with U.S. Capital. Over time, the MLPs under the parent, the yields tend to converge. Can you talk a little bit how there's a pretty wide disparity between the EEP and the SEP yield and how you prevent those from neutralizing or SEP from coming up to the EEP yield? And then the second -- did you hear me, okay?

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

I think I got it so far. Go ahead.

Rebecca Gill Followill - *U.S. Capital Advisors LLC, Research Division - Senior MD and Head of Research*

Okay. And then the second question is, are there any plans to do some swaps of assets such as moving some of the liquids assets from SEP over to EEP and then the gas assets back over to SEP?

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

That's in the category, as I mentioned earlier, as some refinements. I think at this point, frankly, in the SEP's case, the fact that Express-Platte is in there probably is not a huge factor in terms of its overall valuation. But I would say in terms of purification and getting maybe to the final endgame, that's a natural one. I think that probably makes some sense. In terms of the yields, obviously, the current market conditions in the MLPs, I mean, they've all been affected, if you look at the compendium of MLPs out there. So I don't think we're that much different in terms of where yields have moved, at least over the last little while. Look, I think SEP, very clearly, is a fantastic MLP, frankly. Great growth, highly visible growth, strong balance sheet, good coverage, the distribution has increased, and they've got all of this organic growth in front of it. So I think we've got to be patient. The value proposition certainly will surface there and improve the yield from here, in my view. EEP, it probably needs a little bit more seasoning after the restructuring here. Again, pure play, strong commercial structure, great outlook, the growth rate there is highly visible with the dropdown opportunities at book value, by the way, great options for EEP to hold. So I think we probably need a little bit of time here to get that fully reflected. But we're very pleased with the strengths of both of those vehicles. Oh, yes, Linda, sorry. Oh, could we get her a mic? Okay. I think it's going now.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

All right. So I think there's huge economies of scale in this sector, with the cost of capital being your largest cost of capital. But at some point, there's risk of bumping into diseconomies of scale, at least in some parts of your business. And you kind of touched on it when you answered Rob's question about screening for opportunities, if that's your challenge. You actually have this overabundance of opportunities and yet, these smaller opportunities are doable. I think you can see where I'm going. So as you're a larger organization, there's a huge opportunity cost to using a lot of time on these small projects.

Do you plan to high-grade and based on size maybe, and just drop some of the smaller opportunities, use your affiliates for them, or maybe decentralize some of your corporate development function to allow head office to focus on the larger opportunities? Can you just walk us through how you're going to manage that?

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

Well, I think it's a very good observation and something that, from a management point of view, is right in front of us just given the opportunity set. First of all, we depend on our business units. It's a decentralized strategy, I guess, if you will, in terms of how we let the business units manage their business, grow their business, and we really depend on them to move it forward. But ultimately, we do have a capital allocation process between all of those business units at the corporate level. And one of the first things we did, and I think this is why it's a good question and it recognizes the need for a big focus on the integration, with a bigger opportunity set, how do we manage these? So we've gone through and concluded that there's certain criteria that we're going to have to have. And part of the integration actually is getting to all the business units and sharing what that criteria is going to be, so we don't waste a lot of time on things that probably are not going to pass the filter. So it's definitely right in front of us. I think we can manage it with good discipline. I'd rather have that problem than a dearth of opportunities.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

Maybe just one more.

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

One more question.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

So just in terms of other aspects of your stewardship, how do you manage the culture, et cetera, in a bigger organization and make sure that doesn't diluted as well when you expand geographically?

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

Yes. Well, culture in an organization is -- I guess it's one of the softer issues that we talk about, but it's extremely critical. Maybe I will answer it this way: If you don't have alignment on things like safety, approach to investment, investment criteria, you could spend a lot of energy over the next several years trying to line those 2 up. And we've seen this in the past in our industry and more generally with M&A(inaudible). And so we took that into account as we considered Spectra. We had the advantage there of knowing Spectra very well, not just in doing business together but in competing against them. And so we knew at the outset that we had a pretty good alignment on some key issues, and of course, we knew the management team. But we did do some work on cultural fit before we proceeded. And I can assure you that's a big focus of the integration team right now, to make sure that everybody in the organization is energized and pushing toward the same goals and that we can direct traffic at management, but we really do need everybody going in the same direction. So we have a plan to make sure that everybody in the organization now sees the vision in how we're going to move the company forward. There's another question, I believe, here. Okay, go ahead.

Jonathan Gould - *Enbridge Inc - Director Investor Relations*

We're going to do one last quick question here. We're -- we've got to keep it within time.

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

We're right on time, okay.

Andrew M. Kuske - *Credit Suisse AG, Research Division - MD, Head of Canadian Equity Research, and Global Co-ordinator for Infrastructure Research*

Andrew Kuske, Credit Suisse. Al, maybe if you just describe where you see Enbridge Inc. as an end state basis and really the raison d'etre for Enbridge Inc. and the affiliates, is it ultra-capital light at the top of the house very limited interest on an ownership basis of the underlying and then effectively just having cash flow pour into parent?

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

Yes. I mean, let's look at it, Andrew, in 2 extremes of pure holdco or, I guess, the other end of the spectrum. I think I'd say at this point, we're pretty pleased with where we are right now. I don't see moving to either end of that spectrum at least anytime soon. But like I said in my comments earlier, we've got to consider all of the opportunities to release value from the business, particularly when -- perhaps all the cash flow that's coming that you saw in the chart, maybe it will be recognized today. So we're going to look at all those opportunities, but I wouldn't expect anything drastic in either direction in the next little while.

Okay. So I think I'm being given the sign that we need to move on. Coming up next will be Bill Yardley, who, as I mentioned, runs the gas business, a very big business for Enbridge now. So welcome, Bill Yardley.

PRESENTATION

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

Thanks very much, Al. And thanks to everyone who's joining us here today. It's great to be in Toronto and to be able to share my thoughts and my enthusiasm for the new Enbridge Gas Transmission and Midstream business, so that sounds pretty cool. We're off to a great start. Since the close of the merger, as Al mentioned, we've been really hard at work on the gas side integrating the assets, the people, and the processes of the legacy Enbridge and Spectra businesses. We've built and we've retained a really strong gas leadership team, and I'm confident that we'll be able to continue to deliver the value that our investors expect as we integrate these groups. And first and foremost is the focus on the ongoing business. We're not taking our eye off the ball. And as Al said, safe, reliable services is imperative in our business. If we don't do this, nothing else matters. After that, executing on our very full backlog of expansion projects, which we consider to be the promises that we've made to our customers and our partners is the first priority. Second, we're making sure that we're capturing the cost savings made possible through the combination of the gas businesses. And third and perhaps the most fun, we're exploring the revenue synergy opportunities that are created by bringing these assets together.

So as you've heard and as you've seen before, the new Enbridge brings multiple platforms for organic growth with the capability of generating tremendous customer and shareholder benefits. And 3 of these platforms are the responsibility of GTM, so that's how I'm going to refer to Gas Transmission and Midstream: U.S. transmission, Canadian Gas Transmission and Midstream, and U.S. Midstream. Now we've got a lot going on with each of these 3 businesses. They're all pointed in the right direction, and we're really well positioned to capitalize on and even more opportunities in the future.

Okay. So quite an expansive footprint here, more than 34,000 miles of pipe in 31 U.S. states, 5 Canadian provinces and even in the deepwater Gulf of Mexico. We've got a huge storage position at over 250 Bcf, which is only magnified when you consider the Ontario storage around the Dawn Hub managed in Cynthia's Gas Distribution Group are wholly-owned through our wholly-owned gathering and processing in the U.S. and Canada, and our 50% ownership in DCP Midstream, we process over 11 Bcf per day of gas, and we're one of the top NGL producers in the country at more than 300,000 barrels per day.

So really from the far northeastern part of British Columbia to the south of Texas and on up into New England and the Atlantic provinces, I believe that we've got an unsurpassed portfolio of gas pipeline and midstream assets. So let me just say the key themes that I want you to hear about today and walk away with is: one, the stability of the base business, revenues that are predominantly reservation based or take-or-pay, however you want to say it, with minimal volume risk; two, the near-term projects are secured, they are on schedule and they're giving GTM a double-digit annual growth rate through 2020; and three, the competitive scale, the scope and the location of our assets positions us extremely well to participate in the necessary future energy infrastructure build-out in North America. In our gas business, we've had that saying that "we go where the lights are." We don't leave ourselves to the vagaries of going from one hub to another. We're the first mile, and we're the last mile. We're continental, but we're connected. Maintaining and enhancing our direct connections to these key demand markets and providing access to growing supply basins is and always has been a hallmark of who we are and something our investors can depend on.

So how do we fit? What do we mean financially to the new Enbridge? Chart on the left shows the size of the gas business as part of the overall enterprise at about 35%, well over $2.5 billion of EBIT and a substantial driver of the company's earnings. Within GTM, specifically, the low-risk U.S. Transmission and the Canadian Gas Transmission and Midstream businesses contribute 79% and 21%, respectively. And by the way, most of that 21% for Canada is long-term reservation-based pipeline earnings. So, effectively, our low-risk transmission business, makes up the vast majority of the earnings of GTM. And our commodity-sensitive U.S. Midstream earnings weren't significant in 2016, so you see them at less than 1% here.

So one of my favorite charts, speaks for itself. So I'll just spend a couple of seconds on it. During the last few years -- during the next few years, we expect to add well over $1 billion in EBITDA to our solid base business as a result of committed expansion projects. And these are projects that are already contracted for and are currently in some phase of execution. So on top of that rock-solid base, the projects and execution create this consistent trajectory and keep gas transmission and midstream growing earnings past the end of the decade.

Okay. So let's just turn one by one to the 3 specific segments within GTM and shed some of the highlights and what we've got under way. And first, we'll talk about U.S. Transmission. The U.S. Transmission assets are really well positioned in the North American natural gas pipeline industry. Most of these assets are held within Spectra Energy Partners. The assets represent a real strategic and competitive advantage and continue that very reliable cash flows and increasing cash flows year after year. The assets have a real strong reservation charge based business model that has no direct commodity exposure, very little volume exposure, and long-term contracts with credit worthy customers providing that rock-solid base earning stream to the business and making them, really, a perfect fit for a strong stable MLP and Spectra Energy Partners.

And on top of this base, we're making really great progress on the high-quality growth projects that we've got under way. So just a little bit of history here, it's been a productive time for U.S. Transmission over the last 12 months or so. In 2016, we maintained that strong contract renewal record that you've come to expect on Texas Eastern and Algonquin. They compromised -- the 2 gas pipelines have comprised the back bone to the system. We've had a great track record of renewals -- contract renewals averaging over 95% the last 5 years; last year it was 98%. And frankly, while many were focused on the excitement of the Spectra and Enbridge deal, we put about $1.75 billion worth of projects into service at the end of the year, principally made up of the $1 billion AIM project in New England and some smaller efforts like the Salem Lateral in Massachusetts and the Loudon Project in Tennessee.

Another accomplishment, we began construction of Sabal Trail late last year, and I'm proud to say, we're putting this into service this month and, in fact, within days, hopefully. And more progress in the first half of 2017 as we've really advanced the remainder of these projects through some regulatory initiatives, and we're making good progress. So suffice it to say that considering the opposition and the challenges that we face in this industry to get projects done, we're extremely proud of the progress that we're making.

So just a word on the revenue stability in the base business. It is one way to look at the assets. A lot of information here, but basically, the pipelines are fully subscribed. Take that away. And we continue to hit peak days. What that means, is that we've got a great platform. Once the pipelines are full, we've got to expand. And we're in areas where growing demand is key, average term of 8 years. Overall, the assets, they all experience, as I mentioned, peak days. Algonquin, in a mild winter, actually had its large -- its record-setting winter in terms of throughput. But more importantly, though, the slide speaks to kind of that stable low-risk revenue profile that underpin the earnings of the business. And roughly 95% of the total revenues are generated by these reservation-based contracts and aren't susceptible to fluctuations in the commodity cycles. So that's a high-level view of the base.

And then as we look through execution, I am going to spend a minute on this slide. I think some may or may not be familiar with each of these projects. But as you can see, we've got a lot going on. And I'll save Sabal for the next slide, but starting with Access South, Adair Southwest and the Lebanon Extension, we're making really good progress here. This is for some producers in the Marcellus region to get out and access other markets, a $600 million expansion of the existing Texas Eastern system for those 3 producers and 1 end user. In New England, construction began on the Atlantic Bridge project last month, with an issuing service of the Connecticut facilities. So the first phase of that will go into service later this year, full service expected in the second half of 2018. It's a $650 million expansion of Algonquin and helps that Northern New England and Atlantic Canada regions to access Appalachian supply. On NEXUS, a 50-50 joint venture with DTE Energy and then TEAL, which is 100% Enbridge. We're ready to move into construction as soon as we get FERC approval after a quorum gets reestablished. Just this last week, the 2 nominees passed the Senate Energy and Natural Resources Committee, and now we move on to the full Senate vote. It'd be really nice to get that done by July 4. This highlights actually another benefit of the Spectra-Enbridge combination as it brings -- Enbridge brings that majority stake of Vector into the project and really completes the ownership path between the robust and unparalleled path that Texas Eastern has through the Appalachian, Marcellus and Utica regions on up to our own Dawn storage and the direct connections in the Michigan and Ohio markets as well as Ontario. So a great fit of the 2 companies there.

In the Gulf, not to be overlooked, we've got an offshore project called Stampede, and that's going into service later this year and also later this year the second phase of Gulf markets will be going into service as it's nearing completion. That's another example of our north to south strategy to get full pipeline reversal on Texas Eastern down into the Gulf for potential export.

Very proud to say the construction has started on Valley Crossing, this $2 billion project basically from just outside of Corpus Christi down to offshore Brownsville to the border of Mexico, 100% subscribed for by the CFE, the primary electric utility in Mexico. And they are also the primary subscriber to the STEP project, which is on track for 2017. PennEast, on track as well. FERC issued its final environmental impact statement to us back in April, and that project is targeting a 2018 service date. Just this week, we actually closed on the purchase of an additional 10% of that project from Public Service in New Jersey, doubling our stake in PennEast.

And lastly, Stratton Ridge remains on schedule for 2019, and this is an effort to get more gas to the -- or get gas to the Freeport LNG facility. So remember that saying, "We go where the lights are." Well, 75% of these projects, 75% of the capital employed here are supported by demand-pull customers. And the revenue -- the average revenue-weighted contract term is over 19 years.

Okay. Since this is going to service, I thought I'd give a little more due to Sabal Trail. So the 2 existing pipelines into Florida are full, and a third pipeline was needed to get into Florida to serve demand now through the next decade. Total investment over CAD 4 billion, and we're at 50% of this effort NextEra and Duke, the other 50%. So that represents total capital expenditure for us of $2 billion, a little over $2 billion. It's another example, and this cannot be understated today, but it's another example of our ability to place a major project into service on time and on budget, in time to provide Florida Power and Light service to meet the summer peak heating systems. So it was critical to get this in. And when I say major project, I mean major. We started construction in August. We've built 500 miles through Alabama, Georgia and Florida and some of the largest compressor stations that we have on the system and in very challenging political and geographical environment, so my hats-off to the teams.

So what's on the horizon? What's next? Continued growth beyond 2018-2019, a couple of areas to highlight here. I'd say, the first is, we do continue to see that need in New England to serve power generators. We've had success with getting the AIM -- the $1 billion AIM project into service. We're building Atlantic Bridge, good shape there. But those are for local distribution companies. The power market is woefully underserved. While the percentage of electric generation fired by gas has increased dramatically over the last decade or so, pipeline capacity just hasn't kept pace, and it's because the generators aren't incentivized nor are they compensated for holding a contract from fuel source. So consequently, almost none of the generators hold firm capacity that compromises reliability. That's led the ISO, New England, the independent system operator there, to basically say, "Look, we're even in a mild day, we're constrained on the gas pipeline system." So with this in mind, basically, gas for a generation purposes in New England has gone from 15% to well over 50% in the last decade. So we've partnered with Eversource and National Grid. They make up 70% of the electric customers in New England. So they have a very keen interest in making sure a solution to this reliability concern is found. Elsewhere in the Northeast, we're developing solutions into Philadelphia, an extremely constrained market there on all pipes, and we have some nice opportunities. A comment on electric generation throughout the entire footprint here, whether it's the Northeast, Southeast, Midwest or the Gulf, really good opportunities as natural gas becomes -- we're just seeing it become the fuel of choice regardless of what -- how the political winds blow. It feels like, for the long term, those conversions to gas is what's key. And overall, in Gulf Coast demand, a lot of prospects there with expanding exports. And that matches really, really well with our footprint. And while I'm saying that, another really nice opportunity between the legacy companies is that, our Texas Eastern system in Texas overlays really well with the gathering and processing aspects of assets of legacy Enbridge, and we've been talking to customers together which has been refreshing to see.

Okay. So good stuff with the U.S. Transmission and a real bright future there, so let's turn to Canada. So this also blends assets from the legacy companies. We've got a really solid position in Western Canada. Gathering, processing, transmission, that footprint is really extensive. A large portion of these assets sits right on top of the Montney, the liquid-rich Montney gas play. The BC Pipeline, just to orient to you, serves as the backbone for natural gas infrastructure development in British Columbia. The full path is actually made up of 2 systems T-North and T-South, Transmission North, Transmission South. T-North is supported almost exclusively by supply push contracts, producers that are looking to get out and get market access to that station to or to the AECO hubs to serve the Alberta market. Transmission South is the southern portion of the system. It's contract (inaudible) by demand-pull customers, so folks either in the specific Northwest of the U.S. or in Southern BC, customers serving end users' needs. So the combination of those 2 systems comprise the largest transmission system in British Columbia, and it is -- it, too, is fully subscribed.

So a word about Alliance, stretching Southeast from British Columbia across Canada and into Chicago is the Alliance Pipeline, a 1.6 Bcf a day wet gas pipeline that brings gas into the Aux Sable processing facility. We own 50% of Alliance and almost 50% of Aux Sable. And Alliance provides, again, regulated take-or-pay returns. The transmission system overall, in this region, generates about 60% of the earnings, as I mentioned earlier, of the Canadian Gas Transmission and Midstream business and transports over half of the gas produced in that province. So in addition to the transmission pipelines, we've got an integrated gathering and processing set of assets that are throughout BC, as you can see, and they're capable of processing more than 4 Bcf a day through 20 processing plants.

So these Canadian Gas Transmission and Midstream assets, including our interest in Alliance and Aux Sable, had us really well positioned to serve the customers with integrated gas and NGL solutions. So there is more to come. It too has a -- this business too has quite a backlog. Currently about $2.8 billion worth of secured expansion capital that's in execution in Western Canada and it's comprised of expansions to both the T-North and the T-South systems. These projects are all backed by long-term 10- to 23-year contracts, reservation based. Four of them support those producers' needs to get gas south into Station 2, so on that T-North system. We recently placed Jackfish Lake into the service. High Pine and Wyndwood are progressing nicely towards their in-service dates. And the most recent T-North effort we secured, which Al mentioned earlier, is the Spruce Ridge expansion project, some looping and compression on the T-North system to get gas into Station 2 for producers. $0.5 billion worth of capital investment, again, at consistent and reliable returns. On T-South, the RAM project is moving on schedule and, as Al mentioned, we just finished a binding open season for 190,000 a day expansion of that T-South system involving more updates to both compression and some looping. We had bids totaling over 3x the expansion capacity, well more enough -- and this was a binding open season, so more than enough to move the project forward. It's a $1 billion effort, and it's expected to be in service by 2020, again, adding to those consistent low-risk cost of service returns.

And there is more on the horizon here. So $2.8 billion secured, on the last page, and we've got additional development opportunities on the horizon here. The Alliance system is full. It recently held a call for expressions of interest for up to half a Bcf a day of expansion and it received significant interest here. This allows additional natural gas and NGL egress for Western Canadian producers and could be in service by 2020. We'll know a lot more later this year, but so far, we like what we see. On the G&P side, in Western Canada, we'll continue to discuss gathering and processing solutions with the Montney producers for production growth and to accommodate NGL production in Western Canada, which likely will improve or involve both greenfield and brownfield expansion opportunities.

And finally, we really believe that exports, either in the form of LNG, NGLs or both, from the West Coast to BC, will become a reality in the future. Fundamentals are just there for that prolific resource to find its way to the West Coast, and that would really lift the value of all these assets in that area. So we haven't given up on participating in a large-scale BC Pipeline to serve the coasts. So hopefully that will transpire sometime in the next several years.

The last segment I'll touch on is U.S. Midstream. So the largest component of this U.S. Midstream or G&P business is our stake in DCP Midstream, the joint venture owned 50% by Enbridge and 50% by Phillips 66. And the other -- those earnings, by the way, roll up through the GTM segment, and then that's matched with the legacy Enbridge gathering and processing assets that are mostly in Texas. The map here combines both the -- the DCP assets and the legacy Enbridge Midstream assets, and it points to the further benefits of combination and the synergy opportunities that exist between the 2 sets of midstream facilities. This obvious overlap and where it works will seek to take advantage of those opportunities across the fleet to optimize capacity, maybe save some money and pursue commercial synergies. When you look at the map, overall, it's pretty clear how well placed these are. And when you think about the various production regions of the Mid-Continent in the South, they cover every major basin from Northern Colorado down to the Gulf Coast. And we're the leading integrated midstream company, with a highly diversified set of assets in these basins.

Over the past couple of years, DCP has really successfully executed a turnaround to stabilize our cash flows and done a lot of contract realignment cost reductions and had some very meaningful expansions. And the goal is to continue to build this midstream business, but through very low-risk projects. So one area that's heating up, as folks know, is the Permian. I think, you probably saw the announcement back in April regarding Gulf Coast Express, which is where DCP would partner with Kinder Morgan on a 1.7 Bcf a day pipeline from the Permian over to the Gulf Coast. It's a 430-mile effort and could be in service as early as 2019. And probably also saw last week another significant expansion announced by DCP, an expansion of the Sand Hills Pipeline, which could be phased in and grow that pipe to 550,000 barrels of NGLs a day over the next couple of years. So we've also got a backlog of some of the smaller projects that we're working on. But again, they've got to fit the profile and what our investment criteria are.

So the key priorities moving forward are outlined here, but let me just reiterate a couple of things. We've got an asset platform that's built from the granite of a fully subscribed Canadian and U.S. pipeline business generating attractive returns, long-term contracts, almost $3 billion secured in Western Canada and $8 billion throughout U.S. Transmission. So a total of $11 billion of high-quality projects that we have the proven track record to execute on, creating the growth trajectory that's the envy of the infrastructure space, and the geography, the scale and the scope of the finest energy infrastructure business, in my humble opinion, at a time when North America is really turning more and more to natural gas and NGL products. So that's the opportunity over the next several years, and that's what Enbridge Gas Transmission and Midstream is going to deliver on.

So with that, I think I can get to Q&A, if you have any, or I'd be happy to pass the mic.

QUESTIONS AND ANSWERS

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

You guys control the mics, so you let me know where we're going.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

It's Ben Pham, BMO. I'm just wondering as you've transitioned your lens from Spectra Energy to now Enbridge Spectra, it's a broader footprint, bigger balance sheet, different customer base, has anything changed from in terms of how -- of your business specifically, in terms of pace for opportunities you can pursue? What you think about risks and just has anything really changed fundamentally from your perspective?

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

It's a great question, and it's a very logical one, too. I think the first thing, that's most important, is what hasn't changed, and that's the fact that we entered this transaction with this $8 billion backlog of projects, so making sure that execution remained a focus, that we were able to focus on that as opposed to some of the other challenges that come with a transaction. That was -- I would say, that's job 1.

The second is, as Al outlined earlier, we really have a lot of projects that have now gone through the approval process in the larger corporation, and it's really a -- it's refreshing for someone that spent 10 years at Spectra to sort of see how the approach is very similar. The discipline around capital deployment, but the understanding of the markets and the ability to get projects through the knothole quickly, if you will. I think you see that with the projects that we've announced just today. So I'd say no, that what's important is what hasn't changed. We're looking forward to it. And granted, it's only been a few months here. But yes, the bigger organization, I just personally, it increases your thinking. So I personally, a very linear thinker before looking at exactly what we had to do in the gas pipeline space, in the geographies within which we lived, now to sort of branch out and look at some things that maybe we wouldn't have done before at Spectra and taking advantage of the experience of the larger Enbridge management team that have seen just simply different things that I've seen. It's been impressive. I hope that was somewhat responsive.

Dean Highmoor - *Investors Group - Analyst*

Bill, it's Dean Highmoor from Investors Group. I just had a question on your future project lists. And what would you say are the biggest challenges or hurdles on getting fully contracted and permitted on Access Northeast and when do you believe you can move the project into your secured backlog?

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

So the biggest challenge arose last year, when the Massachusetts Supreme Court threw up a road block to electric distribution companies, which were the contractors of this project. It prohibited them from signing up for gas capacity, interestingly enough. So the biggest challenge right now is getting a contractual structure that the Department of Public Utilities in Massachusetts and then other New England states would approve, so that's probably #1. The fact is the fundamentals haven't changed. In fact, they've just gotten worse. And what I mentioned with gas-fired generation, you have to picture this region. It's a winter peak load region, almost 100% of the capacity -- the gas pipeline capacity that's there is taken up by the local distribution companies. And on peak days, that's what gets used. So what the generator's left using is either LNG imports, which are great periodically, and then perhaps some secondary transportation, that's no way to run over a half year generation in that region. And so, I think the biggest hurdle is getting that message in front of legislators at a time when, perhaps, their focus is more on renewable power. So is there some way we can fix that, is there some blend we can put in front of the legislators to make that more of a reality? So I would say that's probably the biggest hurdle.

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

Bill, Robert Kwan, RBC. If I can just first follow-up on an earlier question around not much has changed as you've come under the Enbridge umbrella. Something specific there just around DCP? Do you think about Spectra and, longer, Duke. Has anything changed specifically, as you think about Enbridge's vision for that? And then does that align as well with [Kitimat]?

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

So I would say, no. I don't think anything has changed at all. In fact, I think that -- I think Enbridge -- certainly I know this, that Enbridge has looked at the investment in DCP extremely favorably. It's the largest in its space. It has its own opportunities both secured and potential. And it's gone -- it's already gone through a fairly significant, I'll just say, cost-cutting or rationalization exercise. And the assets are so well placed. If you're going to be in the G&P space, I think the way that -- and this is probably a better question for when Al gets up later, but I would say that the attitude is very much the same. If you're going to be in the space, then DCP is the asset to own.

Unidentified Analyst

(inaudible) a contract on with BG, but it looks like Shell is focusing its efforts on Kitimat. So can you just talk about how you see potentially being involved there just on, at least, the BC LNG side?

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

Yes. So in my prepared remarks, what I tried to indicate is that we're trying to talk to all players there. And that Shell had its own decision to make around the BG contract that we had, and we respect that. We had many discussions there. But that doesn't close the door on the opportunity, nor does it change the fact that our own assets are perfectly positioned to be able to serve that West Coast market. So I think you're probably going to see another round of rationalizing of the players. So it's important for us to keep all those doors open. And, Al, I didn't know if you wanted to add anything on the previous question?

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

No. I'll just be quick to add on DCP. When we evaluated this opportunity as we were looking at Spectra, we really contrasted it with our long experience in the G&P business. And it's sort of delivered exactly what we didn't have, and that was a massive platform in the gathering and processing business that had a value chain that could extract rent through the entire piece. So we liked the platform. As we've gotten to know the business since we've closed the deal better, we spent a lot of time with the management team. And frankly, I'm very impressed with how they managed the business particularly, what they've done on the cost side. I think they're very disciplined. They know this business, and they're a major player. So size, scale, value chain, that's what we like about it. I would say that -- the other thing we looked at is, how much we're paying for the business. And given where we are in the commodity cycle, although this is probably not directly center of the fairway for us, certainly, it has great opportunity now for upside as prices recover. So extremely well-positioned business, and we think it's pretty solid.

Jonathan Gould - *Enbridge Inc - Director Investor Relations*

Last quick question, Bill.

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

Sure.

Kristina Anna Kazarian - *Deutsche Bank AG, Research Division - Head of the Equity Research Team and Director*

Bill, Kristina Kazarian of Deutsche Bank. A big-picture question. You put up a slide that showed the magnitude of EBITDA coming from secured projects. And then at the same time, answers to some of the other questions you've talked about, whether its challenges from the lack of quorum at first or some of the regulatory challenges in the regional U.S. Northeast. How do you think about how big that pie could be from -- I mean, EBITDA, from non-secured projects yet? And then what's the time frame reality to actually being able to contract those?

Bill Yardley - *Enbridge Inc. - EVP and President of Gas Transmission & Midstream*

So I think that's a question that Al asks me every week. So I would say, yes, I mean, we do have challenges to certain specific projects that we've outlined. One, I think, the pie is really big. I mean, I think we've got -- as far as geography goes and the position of our assets and expandability of those assets within the regions that are growing, I don't want to put a number on it, Kristina, but I think that -- of any midstream company, of any gas pipeline company, I think the opportunities in the U.S. are huge. The way we've been approaching the gas transmission business in Western Canada, it just keeps churning along with these really nice $0.5 billion projects that, that area between Alliance and BC pipe, we really control 2 of the outlets coming out of there. And that's critically important, both expandable. So I don't -- I'm sorry not to give you a number. I don't think you're expecting one. But I would see that we're going to overcome the challenges of some of the projects that I mentioned specifically. And then more broadly, I think we have great geography with -- in the assets -- in the areas that are growing. Thank you, though.

Yes. Okay. So I think it's my pleasure to introduce Cynthia Hansen, and Cynthia is our EVP of the Gas Distribution and Power Operations Business.

PRESENTATION

Cynthia Hansen - *Enbridge Inc. - EVP of Utilities & Power Operations*

Good morning. Thank you, Bill, for that introduction. So I'm very excited to be here today to share with you the opportunities that Enbridge now has to grow our utility operations. So as Al mentioned earlier, the acquisition of Union Gas is one of the best parts of our combination with Spectra and creates one of the largest and most valuable natural gas franchises in North America. So first, Union Gas and Enbridge Gas Distribution are high-valued, regulated franchises that together provide a strong platform with exceptional historic returns. Second, we have unparalleled rate based growth opportunities driven by our location in one of the fastest-growing population centers in North America. Third, our risk reward and value we return on investment is very attractive to shareholders. And fourth, our size and experience provide a great platform to realize operating and capital synergies both now and into the future within our gas utilities and then in other future businesses.

Our people continue to safely and reliably deliver the energy that heats homes and generates economic growth. The strengths of our commitment and our engaged team is that platform that allows us to continue to deliver strong stable financial results. So over the next decade, we will continue to lead in both growth and risk-weighted returns, delivering exceptional results to investors. So with our footprint, prior to our combination, Enbridge Gas Distribution utility was like no other, with over 2 million customers in the greater Toronto area, now we doubled those -- our footprints in Ontario and our employee base. Our highly valued asset base is underpinned by a regulated low-risk business model that models -- that comes with an incentive framework that has upside. So as the largest gas distribution in Canada and then the third largest in North America, we have an exceptional growth rate that's been driven by adding 50,000 customers each year. So our reach into 3.5 million homes and businesses ensures that we're well positioned for growth both in our traditional markets and new market opportunities as we transition into that lower carbon future.

So in addition to these distribution assets, we also have strong transmission and storage business that supports Ontario, Quebec, and the U.S. Northeast markets. Future streamlining of our combined operations will ensure that we will be worth more together than apart. So it's like real estate. It's all about location, location, location. The GT Area continues to have one of the fastest growth rates in North America. The GTA population is forecast to increase by almost 2.9 million from our 2016 population level, so about 42% to reach 9.6 million by 2041, and that's according to the Ontario Ministry of Finance. Recently, we've seen increased demand for customer connections in communities that are just outside of the GTA, so that's Hamilton, Kitchener-Waterloo and Barrie. As we see retirees cashing in on the current housing prices and then relocating to these bedroom communities, and others are accepting those longer communities. The growth in population will generate forecasted strong housing starts in Ontario, providing continued rate-based growth supported by customer additions.

So as you can see from this chart, natural gas is and will continue to be an extremely cost-effective source of energy in Ontario at about 35% to 40% of the cost of alternatives, even including carbon prices. Demand has been and is predicted to remain strong even in a carbon-constrained economy. The Dawn Hub provides access to reliable and cost-effective supplies of gas from all of our North America base, so those are included the basins of Utica, Marcellus, Western Canada Supply, and the Mid-Continent markets.

So as I just mentioned, the Dawn Hub is a critical and strategic asset to both Enbridge and Ontario. It's connected to all the major supply basins in North America. It's the second most liquid and physically traded the hub in North America.

The Enbridge storage capacity is 276 Bcf is the fourth largest in North America, and that includes both our regulated and nonregulated storage. About 30% of our storage is unregulated. So Dawn is connected to approximately 8 Bcf per day of supply from diverse basins through those pipeline interconnections with Vector, Panhandle Eastern and TCPL, and in the near future, Dawn will be connected to Marcellus and Utica supplies through pipeline expansions related to Rover and NEXUS, which will continue to increase the value of Dawn as the preeminent hub in the East.

Our pipeline corridor from Dawn to the GTA is truly a jewel. So the 8 Bcf a day system connections at Dawn ties into the GTA and other downstream consuming markets with the top population growth areas in North America. And this will ensure that this exceptional corridor is positioned for strong future growth. And we've undertaken an extensive build-out of the Dawn Parkway Transmission system, over $1 billion in the last few years, to support increased demand and customers' desires to restructure their long-haul transportation contracts with short-haul from Dawn. So in 2017, the Dawn Parkway expansion is $640 million, and that's expected to be in service by the end of this year.

We continue to support the expanding commercial market south of Dawn through our Panhandle transmission reinforcement project in 2017. So over the next decade, the future does look very good for the long-term expansions of both the Dawn storage hub and the Dawn to Parkway corridor.

Looking forward, we anticipate that our annual capital deployment for maintenance and expansion will continue to be in that $1-billion-plus range as we support that continued strong growth in our regulated operations through those robust customer additions and capitalizing on the various diversification opportunities. We will continue to assess transmission and storage projects to support the Dawn market and downstream consuming markets. As noted earlier, that extensive end-franchise growth could drive the next phase of the Dawn hub and Dawn to Parkway corridor expansions in the longer term.

Both utilities are in the middle of Ontario Energy Board submissions for community expansion into new markets, partially supported by a $100 million grant program offered by the Ontario government to assist into access to more remote areas, including a number of aboriginal communities, and our total CapEx is in the range of $0.5 billion.

Building on our current footprint and expertise, there are various opportunities to have significantly more natural gas to support urban transportation systems, like natural gas buses and garbage trucks, and then compressed natural gas for the heavy oil transportation in Ontario, which is both lower cost and lower carbon emissions.

We continue to work with many municipalities and commercial operations to expand the generation and capture of renewable natural gas associated with landfills, biogas, et cetera. And we're also exploring other opportunities, including behind the meter solutions, geothermal loops, hydrogen storage and blending. So our 2 utilities have demonstrated very strong and consistent rate-based growth as noted in this chart, so a 6% CAGR historically.

And as I noted before, that population growth in Ontario is expected to drive strong organic growth in that rate base conservatively in the range of 4% to 5%. As you can see from these 2 charts, our regulated assets are very stable, low-risk businesses that deliver strong risk-adjusted returns and are comparable to U.S. utilities. Both Enbridge Gas Distribution and Union Gas are nearing their end of their third 5-year term incentive regulation framework. The incentive regulation frameworks in Ontario have allowed both utilities to achieve stable and solid returns, as shown in the slide.

We have exceeded allowed ROE. We continue to follow our track record of delivering stable returns in excess of 10%, and given our low risk and regulated framework, that's quite valuable.

We are positioned to continue to deliver growth and strong returns for our low-risk regulated activities in the future, supplemented by strong returns in our nonregulated storage activity while we're still continuing to deliver exceptional service to our customers. So as I noted, both utilities will finish their current approved incentive regulation frameworks in 2018. And we're exploring options for a new regulatory framework that would create the opportunity to really streamline our operations and deliver efficiencies to both rate payers and value to our shareholders.

Looking at models that have been used within the electric industry in Ontario, which do provide the time necessary to streamline our operations. So together the utilities will capture capital and cost synergies. And as we explore how each of the utilities operate, we're able to identify best practices that we then can apply across the combined platform.

Our combined size allows us now to really leverage our supply chain as the third largest utility in North America and part of Enbridge overall. So our platform continues to provide a very compelling opportunity to acquire and integrate electricity distributions. We provide superior value to shareholders and customers, particularly, in areas that have overlapping franchises.

So to just summarize, the key takeaways are: what we own and operate today is an extremely strong platform to support organic growth as we continue to provide the gas that heats homes, runs businesses and transports goods. Our assets deliver strong, predictable returns with low risk, and we will streamline our operations and create value for our ratepayers and shareholders in a balanced regulatory framework.

So with that, I am open for questions.

QUESTIONS AND ANSWERS

Unidentified Analyst

I'm going to ask this question as a financial analyst, not as a happy Enbridge gas distribution customer. I'm an Ontario taxpayer.

Cynthia Hansen - *Enbridge Inc. - EVP of Utilities & Power Operations*

Yes, me too.

Unidentified Analyst

There is an election in Ontario in a year, as you, as an Ontario resident as well, I think are more than aware that energy is becoming a very hot-button topic, more so on the electricity side. And we have seen some kind of policy concepts floating around in the past that have not been very constructive on the long-term role that natural gas might play in Ontario. So I'm just wondering, from a long-term franchise perspective, I would assume that you're all over this, and see a long-term role for natural gas in the province, but how can we think of the long-term outlook for Enbridge, not just from a gas distribution, not just from a policy perspective, but also when we look at disruptive technologies on the battery storage side, on electricity that I know that you have been involved in as well? So maybe we can just kind of look out a decade or 2 and see how you're thinking on that these days.

Cynthia Hansen - *Enbridge Inc. - EVP of Utilities & Power Operations*

Thank you for the question. Yes, I first joined the utility a year ago when the long-term climate, a change action plan was issued in Ontario. And we've had lots of great discussions with various ministries in Ontario about the role that natural gas can play and that lower carbon future. So there's a couple of things that I think we're very clear on, is that there is no path that would eliminate natural gas from home heating in Ontario in the foreseeable future. Right now, we -- peak supply days. Just a quick example, peak supply days for heating in the winter, we've seen about the equivalent 80,000 megawatts. That's kind of our peak heating. The electrical load peaks out at -- the biggest peak they've seen in the last 10 years is about 30,000 megawatts. So there's just no capacity there to switch to that electrical heating. And we have been able to demonstrate that there is a path for natural gas to play in that lower carbon footprint in the future. So for example, there are very significant emissions in Ontario associated with the heavy-haul trucking. And right now there is not an electric solution for that. So if you switch to, as I noted earlier, to compressed natural gas, you can reduce your carbon emissions up to 20%. That has a material impact and will allow the Ontario government more readily switch -- to meet their Cap and Trade -- sorry, their carbon emission reduction targets in 2030 and 2050. There's also opportunities on the band side, that the best opportunity is to really look at how you most efficiently use both electric and gas together, and so we're doing a lot of work right now with various municipalities, some of the Electrics to try and figure out how to do that to actually reduce the carbon footprint. But it comes down to both the storage capacity and the cost. Right now our cost is about $0.35 compared to the $0.15 for power. So there just is no short-term path to get there. So we've been doing a lot of work, a lot of discussions. I think that that's a great opportunity for us. We're looking at that as an opportunity for how can we help reduce carbon emissions. So we're very active in renewable natural gas and hydrogen storage, using hydrogen for transportation, all sorts of things. So we're looking at it more as an opportunity.

Jonathan Gould - *Enbridge Inc - Director Investor Relations*

Last quick one here.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Rob Hope, Scotia. Just in terms of capital allocation, just want to look at the valuations that we're seeing for gas distribution utilities in the U.S. and some of the M&A multiples there. Could we potentially see a Enbridge Gas Distribution/Union Gas standalone publicly traded vehicle floated at some point?

Cynthia Hansen - *Enbridge Inc. - EVP of Utilities & Power Operations*

Well, I think that would be fun for me. Right now, it would depend on the multiples and what the future path is. It's something that we continue to look at. Would there be a great return for us to do that? Does it make sense to do? So I wouldn't say we would never do it. I don't think it's something that we are positioned to do in the short term, but it's something that we continue to look at, what's the best way to provide that value to our shareholders? All right. With that, thank you very much. And I'll pass it on now to Guy Jarvis, who is EVP for Liquids Pipelines.

PRESENTATION

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

Thank you, Cynthia. Good morning, everybody. It's good to be here again and have a chance to talk about our Liquids Pipelines business, and how we're going to continue to keep a prominent role for it at Enbridge and not allow Bill to overtake us in the coming years.

It is an exciting time at Enbridge as we move forward with the merged business, the enhanced diversification that it brings and the solid business platforms. And while the oil pipeline assets that we acquired as part of the merger were not a significant as those on the natural gas side, we are very excited about what it means for our business. We have new assets in our portfolio that offer some interesting opportunity that I'm going to get into. We acquired some really get talent from the Express-Platte organization. And now that we represent only 50% of the earnings of the company as opposed to the 75% that has been talked about earlier, we view our window of growth opportunity opens back up to a number of things that we thought about in the past but did not pursue. I'm going to spend the next half hour or so running through our outlook, and then I'm going to focus on the commercial models and competitive positioning of our assets, our Mainline system and the current environment surrounding competing pipelines in Western Canada, opportunities to continue to grow the business, including an update on our Line 3 Replacement Project.

We believe that our assets represent North America's premier portfolio and as pipeliners, we're always proud of our map. Those of you who have followed us for some time would be familiar with this map, but there have been some important additions to it since we last talked to you at Enbridge Days in 2015. First, since that time, we've completed the build-out of our Market Access plan through the completion of the Line 9 Reversal Project and the Southern Access extension that each came into service towards the end of 2015. Second, as I've already mentioned, we now have the Express-Platte Pipelines in the mix. And finally, on June 1, the Dakota Access and Energy Transfer Company Pipelines came into service. What was a great map has gotten even better. As I get into discussing the various segments of our business, you're going to hear a few themes that are common to the assets within the portfolio and their common to the themes that you have already heard from both Al and Bill. They're largely underpinned by low-risk commercial models. They offer competitive tolls to the best markets. And the customer mix of refineries, producers and integrated companies represents strong credit-worthy customers.

You've seen a part of this chart on the left a couple of times already today, recognizing the 50% of EBITDA that our business now represents. On the right, you can see the growing diversity of earnings mix within the various Liquids Pipelines business segments. For years and years and years, we were dominated by our Mainline system, and over the past decade or so, we've seen this mix change. And as we think again about the new opportunities that might be coming forward, we continue to see that we're going to have a more diverse mix within our own business unit itself.

The slide also highlights the common thread of low-risk commercial models: take or pay, cost of service, index rates and a competitive tolling settlement that drive the bulk of our earnings. With a combined capacity of 2.85 million barrels per day, the Mainline system continues to be the crown jewel of our portfolio. The system's multiple pipelines, extensive operating terminals and ability to transport various grades of crude, NGL and refined products allow us to provide service offerings and flexibility that is unmatched by competing pipelines.

Extensive market access options are available for shippers on the system, whether it's refined products to Saskatchewan and Manitoba, NGL to markets in Northern Michigan and Sarnia, crude oil to directly connected refineries in Minnesota, Illinois, Indiana, Michigan and Southwestern Ontario and to refineries in the U.S. Gulf Coast, Patoka and Quebec by our Market Access Pipelines. Underpinning the Mainline is a Competitive Toll Settlement, or CTS, which has continued our history of innovated toll frameworks targeted at the needs of our customers. This 10-year deal, which commenced in July 2011 has provided stable, highly competitive tolls on the Mainline into our traditional markets and was the foundation requirement to support the successful establishment of our Market Access Pipelines.

And with that, let me move on and talk a bit about those Market Access Pipelines. Completion of the Market Access Pipeline program has solidified the competitive position of our Mainline and bolstered our outlook for continued expansion of the Mainline due to our ability to move increased volumes to established markets. Each of these new markets has been very important to our customers as has been evidenced by the strong pricing that has resulted from Canadian barrels now having access to the U.S. Gulf Coast, and from North Dakota Bakken barrels having access to refinery markets in Eastern Canada and in Quebec.

The pipelines are each supported by long-term take or pay contracts that provide toll stability to the customer and earnings stability to Enbridge. With a total capacity of about 1.2 million barrels a day, 600,000 on Flanagan South and Seaway and 300 on each of Line 9 and Southern Access extension, these pipelines represent take or pay volumes of greater than 1 million barrels a day, which creates significant demand tolls for barrels off the Mainline system. Flanagan and South and Seaway have provided Canada's first large-scale access for heavy crude to the U.S. Gulf Coast and includes tidewater access via 2 seaway docks.

The Line 9 Reversal targets the movement of light barrels to the Suncor and Valero refineries in Quebec, and at the same time created additional demand on our system in Southwest Ontario from refiners who were historically importing barrels off the Portland Pipeline. Finally, the Southern Access Extension offers mixed service deliveries for the light crude into the Patoka market, and heavy barrels that may be finding their way to the Eastern U.S. Gulf Coast via barge.

The strength and optionality that our markets represent is central to our competitive position on the Mainline. I've spoken about the Market Access pipelines and their take or pay underpinning. So let me spend a few minutes talking about our core traditional markets in PADD II in Southwestern Ontario. Serving cities like Minneapolis, Chicago, Detroit and Toledo, the Mainline system is directly connected to 1.9 million barrels per day of refining capacity that is highly reliant on a diet of Canadian crude. Many of these refineries have invested, in some cases, multiple billions of dollars to position themselves to primarily consume Canadian heavy and light or synthetic barrels.

Their inland location and distance from crude oil sources has also made this the highest priced market. Coupled with the significant toll advantage on the Enbridge system, these markets have and will continue to drive the strongest netbacks for Canadian producers. Our expectation is that this price advantage will ensure these markets are fully served before any spot barrels move on competing pipelines.

And I want to give you a brief illustration of why. Some of you may recall a similar slide to this that we have used in the past. But we want to highlight it again to underscore the strength of our connected market versus spot market flows to other markets. The U.S. Gulf Coast is generally viewed to be the most significant competing option for Canadian heavy barrels in the North American market. Using round numbers to make this math simple, spot toll on a pipeline to the Gulf Coast, Enbridge's or any other, is in the neighborhood of $8 a barrel. If the competing heavy crude in the U.S. Gulf Coast is Maya and is priced at $50 a barrel, then a shipper can generate a $42 netback at Hardisty. Picking up on the theme of my previous slide, our refinery in Chicago has to pay about $3 a barrel to move that Mayan barrel from the Gulf Coast. So they can pay $53 in Chicago and be indifferent to the competing options. With an Enbridge toll of $5, this represents the potential for a netback in Hardisty of $42 -- or $48, pardon me. Now we all know that the market doesn't work that perfectly, but the potential for a $6 improvement to the Hardisty netback allows the refiner to capture part of that value to lower its supply cost, while at the same time allowing the producer to capture some of the value in the form of an improved netback.

We understand the strength of the toll from take or pay contracted pipeline capacity on our own system and on others, but based upon this analysis we expect that our traditional connected refineries will be fully served before spot barrels move to other markets. So now that I have wrapped up reviewing the competitive position of the Enbridge system, I want to move on and talk about future pipeline needs and what we have planned.

This slide represents CAPP's Forecast versus the current pipeline capacities and Western Canadian demand in service today. You can see the capacity shortfall is estimated to be in the range of 600,000 barrels a day in 2020, 875,000 barrels a day by 2025 and 1.5 million barrels a day by 2030. Our Line 3 Replacement Project targeted to be in service in 2019 is expected to be the first new tranche of capacity to serve this market and become the platform from which further staged expansions in the 2019 and 2020 time frame and into the 4 can be implemented on the Enbridge system. We're highly confident that the competitive position of the Mainline and the staged development of these options is a good fit to meet the needs of our customers well into the latter half of the next decade. So let's talk a bit about our capacity additions, starting with an update on Line 3.

As a reminder, the Line 3 replacement project will restore the full capability of Line 3 back to about 760,000 barrels a day, which represents an additional increment of capacity versus today of about 375,000 barrels a day. The project is underpinned by a 15-year toll surcharge on all Mainline barrels that generates an attractive return with downside protection below a volume floor of 2.35 million barrels per day.

I'm going to run through this update in terms of the regulatory jurisdictions that we're dealing with and where we're at on the permitting stages. In Canada, the project has been approved by the National Energy Board, and while we have certain conditions to meet within that permit, we are free to commence construction. To meet the 2019 in-service date, construction in Canada can commence as late as the summer of 2018, but we are currently undertaking preconstruction activities across several spreads in Canada to position us to commence construction later this summer if we make the determination. We are fully permitted in North Dakota. And as you may recall, the cross-border segment of the Line 3 has already been fully replaced. This leaves only about 15 miles of remaining construction in North Dakota, and it will be executed along with the adjacent construction in Minnesota. We're also fully permitted on the 18-mile section in the State of Wisconsin. And due to heightened integrity concerns we have with the existing Line 3 in that segment, construction in Wisconsin will be completed this year.

So that brings me to talk about where we're at in Minnesota, where we're seeing regulatory process -- or progress, pardon me, but we're not yet fully permitted. The Department of Commerce has issued the draft EIS for the project on May 15, which has triggered a 60-day period of open houses and public comment. Following the close of the comment period, the Department of Commerce has committed to deliver on its statutory requirement to finalize the EIS by August of this year. Beginning in September, an administrative law judge will conduct the Certificate of Need and Route proceedings that are scheduled to lead to a recommendation by the ALJ to the Public Utilities Commission in February of next year, and a subsequent PUC decision will be expected in April of next year. There are a number of permits that can only be granted once PUC approval is in place, so we believe that we can be in a position to be fully permitted to construct possibly by the end of Q2 of next year.

Construction is expected to take about a year, which puts us with a targeted in-service date for all the key components of the project by midyear 2019. The complementary work on Southern Access expansion to move the barrels out of Superior is in really good shape. The work is primarily related to only one station, and that station is fully permitted and we expect no issues with meeting the timing of Line 3.

Now that you're up to speed on Line 3, let me move on and talk about the other options that we have to add as much as an additional 500,000 barrels a day of capacity for Canadian crude. One of the benefits of a replaced Line 3 is that it provides us with greater flexibility in terms of managing the crude slates across the Mainline in 2 increments of capacity totaling 175,000 barrels a day can be created shortly after it comes into service in 2019. First, we actively employ drag-reducing agent in the system to help us overcome physical bottlenecks in certain spots along the pipeline. We have identified an opportunity to employ additional DRA skids that can provide up to 75,000 barrels a day of very low cost capacity. And due to the relatively small volume increment, no regulatory permitting is required. Second, we have 100,000 barrels a day of contracted volume that currently flows from North Dakota into our Mainline at Cromer, Manitoba. With the changing dynamics within North Dakota, there is a potential to negotiate a deal to terminate these flows and allow Canadian-produced barrels to move in the Mainline capacity.

Discussions on this are at a very early stage with our North Dakota shippers, but we think a win-win deal can be developed to optimize the outlook for Enbridge and for our customers. Once again, there is no permitting requirements related to this opportunity. Looking into the next decade, we see 3 other options to add up to 325,000 barrels a day of new capacity through Mainline station upgrades, restoration of the full capacity of Line 4 and the potential reversal of our Southern Lights Pipeline. Each of these solutions requires a longer lead time to complete, but relative to construction of a large new pipeline, they are highly executable. Of course, with the exception of the 100,000 barrels a day related to the potential idle of the Bakken Pipeline, which is just replacing North Dakota crude with Canadian crude, Mainline expansion will be required to be complement -- Mainline expansion will require that we have a complementary market access solution, and we do.

First, Mainline capacity growth will eliminate the current proportionment on our system, which we estimate to be 150,000 to 170,000 barrels a day. Second, the growing contract profile on the Flanagan South pipeline will take up to 100,000 barrels a day. Finally, there is expansion capability within our Market Access pipelines, primarily in the Southern Access Extension and a potential $1 billion expansion of Flanagan South and Seaway to take the capacity of that system to 850,000 barrels a day. So let's go back to the Western Canada Basin capacity chart I showed you earlier and see what these staged solutions look like.

As you can see, these solutions can be staged to meet industry's needs through to about 2028. We've been actively engaged with our customers to explain the features of our options and the clear benefits. They are highly executable with no to low permitting requirements. They are economic based on the current CTS toll without the need for surcharges due to their low capital costs. And they can be timed to meet the production growth profile. Obviously, there are competing pipelines in the mix right now, but our customers want us to continue with the development of all of these options. There is still concern amongst our shippers of both the viability of the competing pipelines getting approved and if approved, getting built. As a pipe replacement project, Line 3 seems to be the front-runner in people's minds in terms of being permitted and built, so our shippers want the options that it creates to be fully developed.

So with that, let me move on and wrap up with an overview of our entire Mainline plan. There are 4 elements to this plan. We need to continue to maximize current throughput, we need to complete the execution of our secured growth projects, we need to advance our Mainline expansion options and we are planning on beginning the initiation of discussions with our shippers about post-CTS toll framework. Our teams have been doing a great job maximizing throughput on the Mainline, whether it is implementing solutions to create smaller increments of capacity, minimizing maintenance and integrity downtime or optimizing crude slates, our goal is to maximize as much capacity as possible to be made available on a monthly basis, and then do everything we can to fill it every day.

These efforts are extremely important to our customers during this period of apportionment, and it's important for us as well; generates new revenues and continues to solidify our competitive position. I provided an overview of Line 3 and the Southern Access Expansion, and we're laser-focused on bringing these projects into service in 2019. Line 3 represents the first tranche of new capacity from Western Canada, and it is critical that we get it in service, given the continuing uncertainties about competing pipelines.

As I've also covered, it then sets the foundation for developing the continued expansion options on our Mainline system. We're moving ahead with the planning and development of all of those opportunities. Not only are they low-cost options to implement, they are low cost to develop at this stage. And we will continue to work with our customers to best match the timing and the projects with production growth.

Finally, we see a window of opportunity emerging now to start early discussions with our customers on a post-CTS tolling agreement that creates value for our customers and for our shareholders. With growing production and lingering uncertainty around when and even if competing pipelines will ever come online, our customers are looking for cost-effective capacity solutions post 2020.

Matching our compelling service offering with this customer need, we believe we can achieve multiple objectives within a new tolling agreement. Staged Mainline expansion with competitive tolls, volume protection that mitigates material financial downside in a lower-volume scenario, continued opportunity for incentive earnings growth, and it also positions us to introduce a contracting option on the Mainline that a number of our customers are now expressing an interest in.

So that wraps up my discussion of the Mainline, and I'm going to move on and speak for a minute about the Express and Platte Systems.

As I mentioned earlier, we're excited to have these pipelines within our portfolio. Express pipeline adds to our industry-leading position in terms of transporting Western Canadian heavy crude, and for the first time provides us with a meaningful presence serving the PADD IV refining market. Similarly, the Platte System brings a diverse supply mix to the fold in addition to Western Canadian production and offers highly competitive tolls into Wood River.

The contracted nature of Express, along with the index tolling approach on Platte represents strong commercial underpinnings that mirror those elsewhere on our system. Now that we've had some spend looking more deeply at these assets, we're beginning to uncover a few options for our organic growth that may be unlocked within the Enbridge portfolio. But first, is to bolster the competitive position of the Platte System through connections with other assets. Capital has already been approved to connect Platte to our Spearhead Pipeline by the fall of this year, thereby creating an option for Platte shippers to get their crude to Cushing and ultimately the Gulf Coast if they choose. We will also evaluate a similar -- if a similar connection makes sense with the ETCO Pipeline, once again, providing potential access with these barrels to the Gulf.

Second, as a large user of drag-reducing agent across our portfolio, Enbridge brings a much lower cost structure to bear in terms of evaluating the economics of adding additional capacity through DRA.

We're looking closely for opportunities, particularly on the Platte System, to bring smaller increments of capacity to bear through the use of additional DRA. And finally, we're taking a close look at the Express System to determine whether a horsepower expansion would make sense to add up to 50,000 barrels per day of additional capacity and how then we would look to link it into our downstream pipelines to ensure a solid market access plan.

As I said, the first connection is under way, and we hope by that time we visit you again later in the year, we will have more to report on these other opportunities.

The highlight of our oil sands story for 2017, is that we will be bringing $3.7 billion of new assets into service by year end. Volume growth across the Athabasca Pipeline necessitated the Athabasca Twin Pipeline coming into service earlier this year, which is a bit ahead of plan, given that the line will also be moving volumes for the Fort Hills project later this year. First production from Fort Hills is expected in December, and at that time we will put the Wood Buffalo Extension into service, completing the path for these volumes from the Athabasca Terminal down to Hardisty. The Norlite Diluent Pipeline was commercially placed into service on May 1, and shippers are now providing line fill before the system becomes fully operational.

Norlite represents Enbridge's first Diluent pipeline into their oil sands, and is now an important piece of our regional competitive offering. These assets are underpinned by long-term take or pay contracts, and will realize the tilted returns we have talked about in the past due to the underlying toll design and the expectation for additional third-party revenues, particularly on the Norlite System.

We've also recently approved a relatively small capital project at the Cheecham Terminal that will boost returns by optimizing volume flows, reducing integrity, and at the same time increasing the flexibility for certain of our customers. There remains 1 million barrels a day of unsanctioned opportunity in the oil sands. Overall, our competitive position across the corridors we serve is rock solid, and our strategy to utilize these existing assets to move early stage, smaller volumes from projects while securing commitments to capture the ramp-up of volume over time continues to pay dividends. The JACOS Lateral, which we expect to come into service this fall, is a good illustration and this strategy at work.

I apologize for not keeping up with the animation. So let me move on and talk a bit about the Bakken Region. Our North Dakota system and Bakken Expansion Pipeline are highly competitive systems, attracting strong netbacks for the North Dakota producer due to the strength of the markets that can be accessed in PADD II and Eastern Canada via the Enbridge System.

Our expectation is that we will continue to see strong throughputs on these systems as North Dakota -- as Dakota Access comes into service, and in fact, in June they are each nominated to near capacity. The highly competitive index tolls on the North Dakota System combined with significant take or pay volumes on the Bakken Expansion Pipeline, provide a very stable financial outlook for these systems. Speaking of North -- Dakota Access and the ETCO Pipeline, as I mentioned, they're both in service as of June 1 and we're very happy to own 27.6% of the each pipeline, because they check the box for everything we look for in an asset. Competitive tolls to strong markets, take or pay agreements with creditworthy customers, expansion potential, which has been validated by our recent open season, and potential synergies with other Enbridge assets.

As oil prices firm up over time and production begins to grow once again in North Dakota, we're well situated to bring a range of options to the table to move additional volumes. And as I mentioned earlier in the context of the Mainline, the Bakken Expansion Pipeline provides us with a lot of optionality, potentially to free up Mainline space for Canadian barrels but more conceivably to be reversed once again and move some of the Saskatchewan side of the Bakken production into the markets through North Dakota.

There was a question earlier about the Gulf Coast, and I do want to spend a few minutes talking about it. We continue to have an interest in the Gulf Coast and are evaluating opportunities to create a platform for growth in that market. This was discussed at Enbridge Days in 2015, and as Al mentioned, we never really got it off the ground because we found something we liked better, which was Spectra. But we since picked the opportunity back up. And since that time, North American energy fundamentals and the expectation of significant export outlet needs are even stronger today than they were in 2015, and we continue to like the potential in this region for a number of reasons.

A U.S. Gulf Coast platform and its link to the last-mile needs of customer demand pool is more attractive to us than chasing around the continent to the next-producing basin that generally represents opportunity at shorter duration. The multiple commodity needs of the region, crude, NGLs, defined products, provides a diversification that over time should provide stability to the assets in the region. And with the growing impact of crude oil exports on the pipeline industry, we need to be ensuring that assets are in place to allow Enbridge's pipelines to realize maximum value.

We believe that we bring a commercial approach, operating expertise and key relationships that we can leverage into an attractive opportunity, and I expect we will be able to say more about our approach when we get together later in the year.

So just to wrap up and summarize our key priorities, Al mentioned in the opening, the continued safe and reliable operation on all of our assets is our top operating priority. We've had a number of fantastic years in terms of performance around this. And we're working hard to continue on that trajectory. I've spoken a lot about maximizing the Mainline throughput. It's extremely important to customers, it's extremely important to ourselves that we don't let our foot off of the gas on that. Leveraging the new Express and Platte Pipeline assets into our system is going to create value this year. Executing on our secured growth plan and capacity expansion plans, drives continued future growth for us. Finally, as I mentioned, we're going to initiate the discussions regarding our post-CTS toll framework. So with that, thank you for your attention. I'd be happy to take any questions.

QUESTIONS AND ANSWERS

Andrew M. Kuske - *Credit Suisse AG, Research Division - MD, Head of Canadian Equity Research, and Global Co-ordinator for Infrastructure Research*

Andrew Kuske, Credit Suisse. Guy, maybe if you could just elaborate a little bit on what you call the contraction -- the contracting option for the Mainline system. Because if you're going from a month-to-month nomination process, one of the risks that you've always faced, it was others built expansion capacity, whether it's KXL or TMX Twin, you've volumetric offloading risk. So if you're working towards a contracting option, if you could just elaborate on that?

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

Yes. So we've already done -- we have downstream contracts that draw barrels off the Mainline system into our Market Access program. One of that -- what we're hearing more recently is a bit of a mindset change with some of the customers in our core traditional markets. They've made substantial investments of their own. And while we engage them all the time in terms of what our toll outlook is for on the Mainline system, and provide them confidence that we're going to continue to be most competitive option, this whole issue around apportionment and the ongoing exposure to apportionment, even in the scenario where you can convince yourself that there is going to be a lot of pipeline capacity, we're seeing a mindset change with some of our customers. And it really is, we invested X billions of dollars in retrofitting this refinery. We want 100% certainty we can get the barrels delivered. So that seems to be the sentiment that is underpinning the desire by some of our on-system customers to consider a contract.

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

Robert Kwan, RBC. Guy, just a few questions here on CTS. (inaudible) non-rate base, just the part to the drive CTS volumes and such.

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

Yes, so I'll start, and if I forget one of your questions, you might have to help me out. So first, have our customers asked us to reengage on CTS? I think formally -- the answer is, formally no. The answer informally is yes. We've been discussing with our customers all of these options. They have been encouraging us that they do not want us to give up on the continued development of all of them. And the message has been that, that requires that we get involved and discuss the CTS and what that framework is going to look like beyond 2021 to give Enbridge a certainty we need around making continuing investment and give them the certainty that they need of the toll stability, they are willing to do that. Second question was, I guess, I think you're asking the rank the 5...

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

(inaudible).

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

Yes. Well, I think -- I think any time you look at the tolling arrangement and you consider it for a 10-year period, you have to look at it in terms of the balance of this. Obviously, as an organization that is not wanting to take on a lot of volume risk or other risk related to the future vagaries of oil price, the reestablishment of the volume floor in any new model will be extremely important to us. But at the same time, in reestablishing that floor, where we get that toll set and ensuring the ongoing competitiveness into our core market in particular, so that we can continue to assure ourselves and continue to assure our customers that those barrels will flow first to those markets is a very, very important part of our future planning. The contracting side of things is really one where we're going to have to figure that out and sort that out based on the customer needs. I think if we get -- we believe that if we can get the CTS right with the right volume floors, the contracting isn't necessarily an imperative for us. But if it's an imperative for certain key customers, then we're going to have to look at it. Obviously, no rebasing on downside. We've done a lot of work on looking at that transition, and we're highly confident that we can continue to be very competitive post-CTS without introducing material downside potential in our financial performance on the Mainline. Your last question, I think was how much capacity have we added. Is that..?

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

Capacity you've added on the Mainline, outside of rate, for lack of better term, rate-based investments that you are kind of beating the cost to drive the volume?

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

Yes. I think I'm going to address that two ways. First, in terms of true capacity adds, the most significant recent capacity add was obviously was the capacity on Alberta Clipper. So that was back in 2015. A lot of what we're talking about now, in terms of things we're doing, is increasing throughput within that existing framework of our capacities. If you looked that charts historically, you would see a bit of seasonality in terms of the throughput versus capacity, where what we're experiencing is that the light volumes tend to fall off the system in the spring and through the summer, build back up through the winter. We've now got -- effective July 1, we've got between 125,000 and 150,000 barrel a day of new options to utilize that light space when it comes available. So we've been working very hard, as I mentioned, to create as much capacity to be available every day, and then an entire range of solutions to make sure that it gets utilized every day. So if you look at throughput additions, it would be bringing that 120,000, 150,000 barrels a day to bear through 8 or 9 months of the year, when it otherwise might be unutilized.

Unidentified Analyst

[Duncan] with Hermes. I'm going back to #1 priority, safety and operational reliability. And I'm just wondering, on a pipeline like [DNPL] where you don't have a controlling interest and you do not have a majority stake, how do you ensure that the right culture is in place, that the testing is up to the standards you have at other Enbridge-controlled pipelines? And talk about operational reliability and how you ensure that if there's any problems that end up reflecting on Enbridge's name.

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

Correct. Well, I think the pertinent -- first way to respond to that is obviously during the due diligence phase of our examination of whether we wanted to get into that project, we had a very detailed look at what they expect their ongoing maintenance, integrity, safety programs are going to be. And we're confident that their plans, and in fact, these are brand new pipelines, are going to ensure that those pipelines operate safely for a very long time. On an ongoing basis, obviously, we have a role in the governance of the organization. And it is something that we will continue to watch. In fact, we have a quasi-formalized plan at Enbridge where we put any of the joint venture pipelines that we do not operate through a fairly healthy review of their own safety and reliability plans on a -- it's not a dictated basis but on an every couple-of-year basis. So we'll be sitting down with Energy Transfer 2 to 3 years from now in addition to our ongoing governance, and just going back and saying, "These are the Enbridge expectations for how we want to see a pipeline run and we want to test what you're doing against that," and then promote closing in gaps that we see.

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

I don't know it's going to work yet, but just to add to that, Guy mentioned the work we did before we got into the project. I just want to reemphasize that point, because, obviously, I think what you're pointing out is a great question. It's something we ask ourselves a lot before we made the investment, but there's no doubt that when we did the work, it really came through for us that Energy Transfer had the same approach that we did. And they're very open to listening to us. And any good operator will actually want to hear thoughts and advice from other people on the board on the investment. And particularly in this case, just given the sensitivity to the area, I just want to add another point. Your slide you had up there with the 5 things, Guy, going back to Robert's question. I would say, if you go back Robert to the original -- or this last round of incentive regulation with the CTS that we had with the producers, they really wanted a couple of things: term and they wanted certainty of what that toll was going to be. And really, that equation doesn't really change that much when you're talking to customers who want dedicated access to markets. So I would say, the value proposition really here that we can offer is toll certainty and the fact that you can now extend terms. So that's a real important part. The competitiveness that Guy was pointing out earlier is also obviously very important. But that's a given, just given the position of the system. So just a couple of points there to clarify.

Guy Jarvis - *Enbridge Inc. - EVP and President of Liquids Pipelines and Major Projects*

So, John is giving me the hook here. So it's my pleasure to introduce Vern Yu, Executive Vice President and Chief Development Officer.

PRESENTATION

Vern Yu - *Enbridge Inc. - EVP and Chief Development Officer*

Good morning, everyone. It's my pleasure to talk about our smallest and our newest but it's also the fastest growing business unit, and that's our renewable power generation business. We've been in the business for 15 years now. And really we've made an investment in this sector for 2 big reasons. The first is, we believe at Enbridge that over the very long term, that there will be a shift to a lower hydrocarbon-intensive economy. And at Enbridge, we want to be a part of that shift. But I think I should the second reason why we want to be in this business is -- and that's really perhaps even more important, is that we are able to make investments in this business where the investment proposition is right in the middle of the fairway, where the risks and rewards are very similar to our core pipeline in the utility businesses.

So we've grown this business gradually. We've started initially as a passive investor. Today we operate several projects across North America. And over the last year or so, we started investing and developing offshore wind projects in Europe.

So let me spend a few minutes talking about why we moved to Europe. As you can see on this chart, we had several projects in development and construction. And by 2023, we expect to have about a gigawatt of capacity available in Europe. Our first investment was the 400-megawatt Rampion Offshore Wind Farm in the U.K. That project is under construction today, and we expect it to go into service early in 2018. Our next investment we made was earlier this year in the 500-megawatt Hohe See Wind Farm in Northern Germany. And now, as Alan previously mentioned this morning, we've actually taken FID on an expansion of the project for 112-megawatts. And that expansion will go into service at the same time as the original project in 2019.

In France, we're working with EDF today to develop 3 separate wind farms that will generate roughly 1500-megawatts of power. And we expect to FID -- start to FID-ing some of those projects over the next 6 to 12 months. And the investment opportunity for those 3 projects is about CAD 4.5 billion. So all in all, we expect to deploy over the next 5 years $7 billion of capital under low-risk commercial structures that generate superior returns. So why the focus on offshore wind? I think some of you may have asked this question. There is primary two reasons that we're so interested in this business or this subset of the renewable power generation business. We believe the fundamentals are very strong. The cost structure for offshore wind has improved dramatically over the last several years and whereas it is now becoming competitive with hydrocarbon power generation. If you look back in the industry just a few years ago, people were deploying 2-megawatt turbines. Today those turbines have grown to 8 megawatts. And we expect in the not-too-distant future to see commercially available 10 to 12-megawatt turbines. The industry is also matured, where the supply chain is now able to handle the demand. There are now sufficient contractors and installation vessels to meet the demand in the industry.

Also one of the big reasons that we like this business is the strong customer demand for this type of power. You will see in Europe, there's very significant RPS targets. And most of these jurisdictions are counting on offshore wind to provide a good chunk of this renewable power. And even more recently in the United States, particularly in the Northeastern part of The United States, we've seen states come out with auctions for specific offshore wind targets. So cost is coming down, the demand is strong. And one of the other reasons we like the business is there's generally less opposition to this business. Building infrastructure anywhere is challenging today, but it's a little bit easier with offshore wind as generally these sites are out of view and there is less local opposition.

So this slide's obviously very busy. And it provides more detail on our power projects that we generally give out. But I'm not going to go through the whole thing, but I will leave it with you to study. But the key point I want to highlight here is just the structure of the tariffs that we've been able to get. All of these projects are underpinned by 20-year tariff agreements, where all the power is purchased by our local offtake partners. In France, we will receive fixed-price payments for 20 years. In Germany, we'll receive fixed-price payments for 12.5 years, and we'll receive power payments that are floored for the remaining 7.5 years.

In the U.K., we receive fixed-price payments through what's called a renewable obligation certificate for 20 years as well. So all in all, all of these projects have 20-year contracts where there's no material exposure to power prices. And in fact, is if you study this chart, you'll see that the prices that we're receiving for these projects are among the highest in the industry.

So with that, I think we expect to be able to generate superior returns from this business.

You'll see that the prices that we're receiving for these projects are among the highest in the industry. So with that, I think, we expect to be able to generate superior returns from this business.

So we move ahead here. We wanted to provide just a little bit of insight on the cash flow generation potential of these projects. You can see on the chart, by 2023 we expect these 5 projects to generate almost $400 million per year of ACFFO. And really, the driver for the cash flow growth and the superior returns stems from the high tariffs that we've been able to secure with these projects. We've been active in renewables for 15 years now. We've been selective in the opportunities we've taken. So we feel that these projects are really the best opportunities in renewable power generation that we've seen in some time.

So as we grow in this business, what -- why has it become a real business for us as opposed to a passive investment? We've grown our expertise in onshore wind in North America and we see by moving to the offshore, it's a natural extension of moving from being a passive financial investor to a stand-alone operator and project developer. We also think that it's a natural extension of our offshore pipeline business where we're very experienced in building and operating infrastructure in the deepwater Gulf of Mexico. This is no different than what we've seen in the industry, where other offshore oil and gas producers have also moved into the offshore wind business. Some of these companies are Dawn, Statoil and Shell.

We're also able to leverage our major projects' expertise to this business where we can efficiently manage supply chain and ensure that EPC contractors are used in the most efficient manner. And then, finally, because we have a strong balance sheet, we're able to help our European partners to finance these large-scale investments on a cost-efficient basis.

So to wrap up, I would say that we really believe that the offshore wind business matches our core pipelines and utility businesses for a number of reasons. The investments are long term and they have low-risk utility-like commercial structures. They provide attractive returns. The fundamentals for the business are strong and it will allow for continued growth. And finally, the investments themselves are large enough to be of sufficient scale to actually make a difference at Enbridge.

So with that, I'll wrap up and take any questions.

QUESTIONS AND ANSWERS

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

You mentioned that technology is evolving for turbines, from 2 -- there were 2, now 8, 10 to 12 megawatts. I'm hearing that some of the bids going on are building to stretch technology that is not yet available. Is that something that Enbridge might be comfortable doing? And if not, how will you compete for future projects? Will it be on an advantage cost of capital basis? Or are there other advantages? Is that enough to kind of overcome that stretch technology assumption that some might be taking in?

Vern Yu - *Enbridge Inc. - EVP and Chief Development Officer*

I think what you're referring to, Linda, is the recent auctions in Germany where those auctions were for projects to deliver power into 2025. I think the scuttlebutt in the industry was people were counting on larger turbines to make those economics work. We're not going to bid in those types of circumstances. We see enough opportunity today where we can still meaningfully add projects but not take that kind of risk. So you've seen us look at, I guess, 3 series of investments now. All of these have been underpinned by the same commercial structure that we see in our core business and we have no intention of straying away from that.

Andrew M. Kuske - *Credit Suisse AG, Research Division - MD, Head of Canadian Equity Research, and Global Co-ordinator for Infrastructure Research*

Andrew Kuske, Credit Suisse. Vern, what size of business should thee offshore business be before it's spun out into a separate vehicle? And then this is probably an early '20s event, best case scenario, but how big should that business be? And then just follow up on that, it's just -- the onshore business in North America, should that be in a separate vehicle?

Vern Yu - *Enbridge Inc. - EVP and Chief Development Officer*

Well, I think that's something that we've thought about is where can we derive the most shareholder value for this business. I think it's probably not the time right now to undertake any of those things. We've tried to simplify our overall corporate structure over the last several months. But in the long term that's something we'll have to look that. I do think, perhaps, there's a slightly different investor base that's interested in these types of investments than our core investor base. So I think the long and the short of it, Andrew, is that we'll continue to study that.

Okay. Doesn't look like there is any other questions, I think. The next speaker is our Chief Financial Officer, John Whelen.

PRESENTATION

John K. Whelen - *Enbridge Inc. - CFO and EVP*

Okay. Well, good morning, everybody. Thanks, Vern. I guess, I'm the meat in the sandwich between you and your sandwiches, so I'll move along fairly quickly here but certainly happy to take any questions at the end and carry on those conversations at lunch time. After Al, I'll have a chance to wrap up. So after what's been very busy time at Enbridge, it's nice to be back in front of you to provide you with an update on our funding plans and strategies and how the financial picture is shaping up for the newly combined Enbridge. You've heard a lot from Al and the leadership team, our growth plans, where we're headed and it really is an impressive outlook. While the funding requirements to support this industry-leading growth are large, they are entirely manageable and I continue to be very confident in our ability to cost-effectively finance our fund investments and support the ongoing growth of the company. As I will speak to more fully as I go through my section this morning, the Spectra transaction was very deliberately designed with a view to further enhancing Enbridge's financial strength and flexibility. The diversification of the asset base, the all-stock nature of the transaction, the reduction in the combined payout ratio, its natural funding synergies all smoothed to strengthen our balance sheet and position the company very well for the future.

So that said, while there's certainly has been a quantum shift in the size and the diversity of our asset base post the Spectra combination, our fundamental approach to the energy, Enbridge's financial position really hasn't changed.

So this slide highlights the 6 central pillars of our finance strategy and it looks pretty much the same as you would have seen prior to the merger: Financial strength and stability, maintaining strong investment-grade credit ratings to ensure the company's growth plans and strategies can be readily financed without duly -- unduly straining the balance sheet. A ready access to capital through retaining access to diversified sources of long-term debt, equity and money market funding. Maintenance of ample liquidity for capital market outages and other contingencies. Rigorous risk management practices to ensure our financial results are not materially impacted by controllable financial risks. Strict investment discipline to ensure that new investment opportunities closely fit our risk-return profile and truly generate long-term value for stakeholders. And of course, capital cost optimization or cost of capital cost optimization, which we always strive for, subject, of course, to achieving the other objectives noted on this slide. So this might look a little textbook, but these principles really do inform our financing and risk-management plans and the overall financial design of the company.

So let's start off with financial strength and stability, which is at the heart of our value proposition.

One of the things that provides me with a great deal of confidence in our ability to support the long-term growth plans and our financial performance over the long term is a very strong, that is, very low, business risk profile of the combined company. As Al has already touched on in his opening remarks, the underlying risk profile of this company is even stronger post combination. Our scale is bigger and our asset portfolio more broadly diversified across commodity types and political and regulatory jurisdictions. The cash flow generated by the combined businesses is highly reliable, with over 96% of EBIT still being generated for long-term take-or-pay contracts, cost-of-service constructs and fixed fee arrangements with downside protection, like our CTS Liquids Mainline toll structure. And the customers behind these revenue streams are strong. Over 93% of investment grade or secured by investment-grade parties.

All of this adds up to one of the strongest business risk profiled in our peer group and one which the rating agencies acknowledge in their assessment of our credit risk. And I will say that as a management team, we are committed to preserving this profile as we continue to grow and build the business.

The highly reliable cash flow generated by this diversified mix of assets is a significant source of internally generated capital, which will continue to grow as new projects come into service, allowing for further deleveraging and strengthening of the company's credit profile over the near-term planning horizon.

So on to ratings. Our credit profile is already strong relative to many of our midstream peers. This slide sets out the senior unsecured debt rating from each of the major rating agencies for Enbridge Inc., our sponsored vehicles, and our regulated subsidiaries that raise debt in their own right in external capital markets.

Moody's announced recently that it will remove the negative outlook on its ratings for Enbridge Energy Partners following the announcement of the restructuring of partnership and Fitch, who rated Spectra and Spectra Energy Partners for many years, just announced ratings for both Enbridge Inc. and Enbridge Energy Partners last Friday, BBB+ with a stable outlook for Enbridge Inc, and BBB-mid with a stable outlook for the partnership.

The addition of Fitch ratings further reinforces the credit profile of the overall Enbridge Group and should translate into cost savings on future senior debt and hybrid security offerings. And as you can see on the slide, while our goal is to continue to strengthen credit metrics over the planning horizon, our near-term objective, when we meet for our annual reviews with the agencies toward the end of the year, will be to maintain the current ratings for Enbridge Inc., its subsidiaries, in each case with a stable outlook.

So flexibility and ready access to diversified markets has always been an important element of our funding strategy and remains critically important as we seek to fund what has become a $31 billion secured growth program over the next 3 years. To ensure ready access to capital in best possible terms, we will continue to maintain the ability to raise multiple forms of capital through a variety of different issuers in a variety of different markets. To be sure, Enbridge Inc. has the broadest and the most of diversified market access and is set up regularly to raise debt, hybrid security and equity capital in the Canadian, U.S. markets and is also top bank in the private investors in Asia and Europe.

The bold orange checkmarks indicate which instruments have been most typically utilized by each entity raising capital within the group. That doesn't preclude us from utilizing these instruments elsewhere in the group, but such issuances left likely. The bulk of a common equity raised by the group will, typically, be by a systematic issuance through DRIP, payment in kind and/or ATM offering programs at Enbridge Inc. and the sponsored vehicles. They have proven to be very efficient mechanisms to raise equity capital. I should note that our DRIP participation at Enbridge has remained very strong post combination. In fact, the first dividend that we paid as a combined company last week, approximately 35% of shareholders chose to reinvest. That's a little better than we had anticipated and if that rate of participation continues on a substantially expanded shareholder base, the Enbridge DRIP program alone will bring close to $1.5 billion annually.

The lighter-gray checkmarks indicate securities that could potentially be issued but are less likely. As I'll get to it a little bit later, follow-on equity offerings by Enbridge Inc. have not been typical. While we did complete a large common share offering last year, we do not anticipate further offerings being required to fund the currently identified secured growth program. We expect both Enbridge Income Fund and Spectra Energy Partners will periodically raise equity to fund specific growth requirements either through an ATM or convention follow-on offering. We don't expect any follow-on offerings from Enbridge Energy Partners until at least 2019.

So diversified access to markets. Always been an important structure and, as they say, the proof is in the pudding. Since the beginning of 2016, we've raised almost $14 billion of long-term capital across the Enbridge group. Of that approximately $5 billion was common equity if you count the equity raised through our DRIP and PIK programs and the equity credit the agencies assigned to our hybrid securities. We've been quite active in the capital markets in the 3 months since the merger closed, raising about $2.6 billion in new term debt capital in the second quarter of this year alone, with successful offerings by both Enbridge Inc. and Spectra Energy Partners. Just this morning, we have closed on a deal in the Canadian fixed income market. We're back to the first time in about 3 years and we completed successfully a $1.2 billion multi-tranche offering that was very well received here in Canada.

On top of that in all those capital raising, we also announced at the time of the Spectra in November that we had goal of monetizing about $2 billion of noncore assets over the ensuing 12 months to further bolster the balance sheet and position the company for growth post combination. As we noted in our first quarter call last month, we have exceeded that target, having already completed transactions for about $2.3 billion to date. Achieving that, our target's goal was 6 months ahead of schedule. When you consider the actions we've taken to date and the fact that the Spectra transaction was 100% financed with stock, we believe we're very well positioned heading into our first full year as a company and the upcoming planning cycle.

So while we certainly have proven that we can raise substantial amounts of capital through the combined group, we continue to maintain very substantial amounts of liquidity in the form of committed bank credit. With a capital program as large as ours, we always strive to retain significant liquidity to ensure that these execution of our business plans won't be interrupted by market disruptions or other unforeseen funding requirements. And as you can see from the slide, we're in good shape on the liquidity front. We've seen great support from our banks through the merger with the Spectra and virtually all of them chose to retain existing facilities and increase their overall exposure to be Enbridge group. As of the end of Q1, the combined company had close to $30 billion of credit lines in place and over $14 billion of available liquidity, providing plenty of flexibility to manage around any market disruptions if, in fact, they happen.

By year-end, we do have a plan to taper the overall amount of bank lines down a little given projected funding requirements. But we expect to grow available liquidity through planned refinancing of debt that's been drawn down on these lines.

So on to risk management, and our philosophy here really hasn't changed. Enbridge's financial performance and outlook should not be materially impacted by controllable financial risks. It's a rule that we live by. And the combination of the Spectra hasn't changed this. Since closing the acquisition in late February, we've done a lot of additional analysis on the market price exposure that we inherited with the acquisition of Spectra. Earnings at risk, or EAR, is the metric that we've traditionally used to measure direct exposure to movement in market prices, including commodity prices, interest rates and foreign exchange rates.

It statistically captures the adverse impact of the sustained movement in prices on our 12-month forward earnings at a very high degree of confidence, taking into account things like the correlation between exposure types and, of course, the impact of the hedging program that we have in place. And a couple of things are notable here. Firstly, the consolidated exposure, as measured via EAR, it's very low on an absolute basis, a little over 2.5% of 12 months forward earnings on an overall consolidated basis. Secondly, post combination of Spectra, that combined, the exposure didn't really change very much at the end of the day. So pulling the 2 businesses together really hasn't changed our overall market price exposure. It's not really a big surprise, given the absence of significant commodity price exposure that either Spectra or Enbridge, some of the negative correlation effects that you do see when you do bring the companies together and the fact that we are fairly substantially hedged in a number of different exposures across the company. So you can see on the top right-hand side of the slide, close to 75% of our exposure to US dollars and other foreign currency rates in 2017 has been hedged. And so while our average FX hedge rate do strengthen significantly, over the course of this year as we have legged in to some additional hedges to hedge the Spectra U.S. dollar exposure, we don't see a significant further FX upside from our U.S. operations in 2017. That said, we are considerably less hedged in 2018 and 2019, and we are locking in some of that ongoing exposure and there could be FX uplift created by the weaker Canadian dollar out in those years. So this provides something of a tailwind as the CAD/USD rate is considerably higher in fact than what we had assumed at the time we did our merger analysis earlier in the year.

So moving on down now to interest rates. You can see that we have very little exposure here. After taking into account hedging activity, post combination approximately 85% of our debt portfolio is fixed. We proactively hedge all the residual permanent floating rate exposure as well as short-term debt and floating rate debt that's incurred to fund construction. And currently about 50% of that residual exposure has also been hedged. We also look to hedge new-term debt issuance that are in our plans. We've hedged about 50% of the planned debt in 2017. In fact, that is probably a little higher, in fact, we've executed a number of those debt transactions just over this last month or so. And when looking out into '18 to '19, about 40% of planned issuance is hedged. So we really are pretty buttoned down on the interest rate side, but, of course, we'll continue to monitor our exposure closely.

So another principal, obviously, cost of capital optimization. It's an ongoing objective and can take many forms, but it will never come at the expense of balance sheet strength or elevated risk across our businesses. We do always explore ways to raise debt and equity at the lowest possible cost and to enhance the value of the assets that we own and operate.

Coming out of the merger, we're going to look to refinance higher cost debt as it matures and potentially opportunistically. We will also look to rationalize our debt funding structure where prudent. This will be achieved over time, but as a first step, you will see us discontinue external debt issuance by legacy Spectra's guaranteed subsidiary Spectra Energy Capital, and from Midcoast Energy Partners, which we took private earlier this year in conjunction with the restructuring. And of course, our investment overseas do often open up opportunities for new funding as well.

Al has walked you through our efforts thus far to further strengthen, simplify and appropriately differentiate our sponsored vehicles, which have traditionally provided an attractive source of alternative funding. Fair to say though, it's the ongoing effort to improve the valuations and relative cost of debt and equity capital with a view to enhancing their overall effectiveness as investment in funding vehicles within our broader Enbridge group.

So what will the funding plan look like to support that growth? I should emphasize that it's really premature to provide a whole lot of granularity around the funding plan. As Jon Gould noted, we will be rolling an updated long-range forecast in December of this year in conjunction with the completion of the 2017 -- 2018, I should say, budget and a refreshed strategic plan for the whole company. And that will be the point in time when we will probably give you more detailed insight into our funding plans.

However, I can tell you today that the broad financial design principles, we will be using to develop an updated long-ranged outlook and funding plan will not be materially different from those that we've already communicated. A whole variety of factors form our planning process. Some of the keep policies and parameters that we will be taking to account are listed on this slide. We've already talked about strong investment-grade credit ratings, stable outlooks and in support of that objective we'll also look to maintain dividend payout ratio between 50% and 60% of ACFFO over the long term, a consolidated debt-to-EBITDA ratio of 5x or less, and a consolidated FFO-to-debt ratio of about 15% or greater, available liquidity of not less than 12 months forward CapEx requirements, and a floating rate debt percentage well below our 25% target, and consolidated earnings at risk of less than 5%.

So to be clear, the leverage ratios I just mentioned are long-term targets, and it is fair to say that the company's consolidated leverage has been somewhat elevated as a result of the debt incurred to fund our industry-leading growth projects. Our ongoing funding plans will continue to be designed to drive ongoing improvement in those metrics and achievement of our long-term targets by the end of 2019. You can see that target leverage glide path, if you want to call it that, in the graph on the right-hand side.

So this slide depicts graphically at a very high level how we plan to fund our current commercial secured growth program and it employs the design principles we just went through. The sources and uses that are shown on this slide are based on the financial projections we prepared at the time we've had the Spectra merger. But they have been updated to take into account the new secured projects that Al and others spoke to earlier, including the high seas offshore wind expansion, the T South and Spruce Ridge project on the Spectra gas system. While more comprehensive and granular update will come at the end of Enbridge days after we've gone through the full planning cycle, this slide will give you a pretty good feel for how we will raise capital to fund our substantial growth program over the next 3 years. Total planned capital expenditures, inclusive of all commercially secured projects and maintenance capital, are projected to be approximately $28 billion through 2019 inclusive of planned maintenance capital, as I said.

Keeping in mind that a portion of the CapEx on the $31 billion secured program that Al talked about was incurred prior to 2017. If you add maturing debt, the total funding requirement over the 3-year period is approximately $38 billion, if you include the refinancing of maturity debt. The aggregate amount is a big number, to be sure, but, as I have said, one that can be quite readily financed over the next 3 years. As you can see in the breakdown of the various sources of capital, a very significant portion of the requirement, around $14 billion, is expected to be a met through highly reliable, internally generated cash flow which continues to grow significantly over the next few years as new projects come into service. Total debt funding of about $11 billion is almost entirely dedicated to the refinancing of the existing maturities and is readily financeable given our broad access to debt capital markets in Canada and U.S. globally. As I noted a little earlier, we've already raised about a quarter of that requirement in the second quarter of this year. Spectra 3-year requirement a quarter has been met all within a space of a couple of months since we closed the Spectra merger. So I think we're in pretty good shape on the debt side. The balance of the equity requirement, and that's the segment shown in blue under the right-hand bar, can readily be met through a combination of alternative sources of funding including our DRIP and PIK programs, hybrid equity at the parent company level, equity issuances by sponsored vehicles and noncore asset monetization. As I mentioned earlier, based on current plans and projections, we do not anticipate further follow-on common share offering will be required to fund the secured program as it currently sits. As we note on the slide, any funding solutions for significant investment opportunities over and above the currently secured plan will be addressed at the time the investment opportunity is announced. Should any such new investment opportunities arise in the near term, we will have plenty of alternative sources of equity to call upon in addition to follow-on offerings by Enbridge Inc. The choice of any funding solution will, of course, be dictated by circumstances at the time and our desire to stay ahead of our funding requirements and keep the balance sheet strong.

So I'm going to wrap up very quickly here, as Jon is about to give me the hook, I think, with a quick refresher on our outlook. And this is not new information. We've talked about it on our quarterly conference call. Taking into account the timing of the closing the Spectra acquisition and some other factors, we announced that we're projecting ACFFO of between $3.60 and $3.90 per share for the full 2017 year. The midpoint of that range is $3.75, which is what you see here on the left-hand bar. As we discussed on the call, our projected performance in 2017 is specifically impacted by a number of factors that won't repeat in 2018 and years beyond and we think if you're looking for an early read on the 2018 outlook, which would be our first full year as a combined company an annualized projection of $4 per share is a more indicative starting point. So how do we bridge to the $4 from our $3.75 guidance midpoint? We went through some of the call that is worth repeating here again.

Firstly, the timing of the Spectra merger. Legacy Spectra typically generates a disproportionate amount of its earning in cash flow in the first 2 months of the year somewhere in the range of 25% to 30%, if you look back historically. Closing the transaction at the end of February meant we are unable to pick up 2 of legacy Spectra's strongest months in our 2017 projections. That's the biggest factor. It's roughly $0.12 a share.

Secondly, the shippers election to defer start-up of the Buffalo extension from February to December has also negatively impacted the outlook for 2017. That's about a $0.06 per share drag that won't be repeated in 2018 and years beyond.

Thirdly, while our synergy plans are all on track, as Al discussed, closing 2 months into the year means we won't capture all of our first full year synergies in calendar 2017. That impact adds up to about $0.05, I should say, per share, which of course we'll get back in 2018.

And finally, we no longer normalize for the impact of weather on our Utility operations and as most of you around here know, weather in Southwestern Ontario was warm in the first quarter of the year. In fact, it was the warmest February on record in the GTA, and that impact is expected to carry through 2017 and will specifically impact our ACFFO in 2017. It's around a $0.02 impact. So if you add back these non-continuing impacts, we get to about $4 per share, which is actually a little better than what we had estimated when we announced the transaction.

So moving on to 2018 and using that $4 annualized rate as a starting point, you can see pretty clearly the biggest drivers of year-over-year growth at the high level. Firstly, the full year impact of $13 billion in projects coming into service during 2017. Around 70% of these projects don't actually commence full service into the second half of 2017. So it'll be a significant year-over-year uplift to ACFFO in 2018 as we get a full year of earnings and cash flow from these assets.

In addition, another $4 billion of projects are scheduled to come into service in 2018, providing further lift to ACFFO for the course of the year. As well, we also expect in 2018 more benefit from additional synergies. In year 2 of the merger, we expect to capture a further 30% of the projected $540 million of total synergies and those incremental savings will fall to the bottom line in 2018.

Somewhat offsetting these positive factors driving growth will be the full year impact of all the stock that we issued on closing of the merger and ongoing of issuance under Enbridge's DRIP program. So this simple high-level buildup provides us with comfort that growth in 2018 should be in line with our expectations. That said, it really is premature to provide any kind of formal guidance for 2018, there are number of potential headwinds and tailwinds that could emerge over the course of the year. Our current plan, as previously noted, is to give you more fulsome guidance in late '18 in conjunction with the finalization of the budget and the longer-term outlook. That will be our regular pattern going forward, by the way. December will be the time for an outlook update and update of the strategic plan.

So in summary, to wrap up, I firmly believe that we have all the right financial ingredients in place to support the business plans that Al and our leadership team have gone through this morning. The actions we've taken over the last 2 years have significantly strengthened our balance sheet. The fact that Spectra was constructed entirely as an all-stock deal really has greatly enhanced our financial flexibility. Our business risk profile is best-in-class, and we enjoy great access to capital. We have plenty of liquidity on hand in the event that unforeseen events disrupt financial markets. We proactively hedged away controllable financial risks. And our funding plans have been designed to ensure ongoing financial strength and stability.

So heading into our first year as a combined company, I am very confident of our ability to fund and manage our newly combined company's growth program. And with that, I'd be happy to take any questions.

QUESTIONS AND ANSWERS

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Rob Hope, Scotiabank. Just 2 questions. First off, along -- I guess, in the fall, you presented the 2019 indicative guidance range of $5.50 to $6. Just wanted to get your updated thoughts there given the fact that we have Line 3 delayed a little bit as [well as other] gives and takes?

John K. Whelen - *Enbridge Inc. - CFO and EVP*

Yes, again, probably, a more fulsome update on that, Robert, in I think at Enbridge days in December as we go through a complete refresh of our planning cycle. But fair to say early assumption assumed that Line 3 would come into service at the beginning of 2019. So it really will depend, the achievement of that goal, ultimately when we think we'll be able to bring the project into service. So more on that to come, but there is a sensitivity, clearly, here to the Line 3 timing.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

And then just as a follow-up. In prior Enbridge days, you did give an indication of what the base growth rate would be for the company longer term just based on volume contracts as well as escalating tolls. But Spectra now in the full business, still in that kind of 3% to 5% range?

John K. Whelen - *Enbridge Inc. - CFO and EVP*

You're talking about so the inherent underlying growth in the business?

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Yes.

John K. Whelen - *Enbridge Inc. - CFO and EVP*

Yes, I think you're probably not too far off with that, Robert.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

It's Ben Pham, BMO. On your slide with the funding outlook highlighting the equity debt needs, you've added $4 billion, roughly, in CapEx and it looks like you've got $3 billion to the external equity in more ex-Enbridge Inc. level. I'm just curious, what's the primary driver of the visible source of equity that you think that would meet that gap? Is it mainly keeping the DRIP program on? And I'm sensing that you probably have some flexibility in the overall balance sheet to fund additional capital ahead of cash contribution post 2020, just as you update your plan now. Second question is, how much room do you have now going forward, because I suspect you have the initial capital, you'll be adding from now through 2019 that you would not need to issue equity at the Enbridge Inc. level?

John K. Whelen - *Enbridge Inc. - CFO and EVP*

Yes. On that slide, we said the whole source of alternative way to bring capital to the company. You mentioned a couple of them. I think the DRIP program. it's performed quite strongly and probably a little more -- better than we thought. That will be a piece of it. Capacity to raise equity down at the sponsored vehicle level. And of course, while we've done assets monetization, there's always a potential to do more. We think that is the best thing to do, it will be very situational at the time. But if you add back all of the various places that we can bring new capital in and create additional capacity on the balance sheet, I mean, we think there's plenty, more than enough, to cover off, obviously, the secured program. In fact, we're pretty confident that there's alternative sources to draw up on as we go to look to fund out new opportunities as well. So it'll come from of a variety of places, potentially. But we'll look at in the context of what the opportunity is and what makes more sense at the time from our cost and access perspective and so on in terms of how we fund it.

PRESENTATION

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

Okay, I think we're just about on time and on budget here. Maybe we have a few more minutes right before lunch, so I do want to wrap up with a few thoughts. Just first, one adder to John's comments, I think the question was from Rob on $5.50 to $6. I think we feel, obviously, there were some timing assumptions that we need when we announced that $5.50 to $6. But the run rate, I believe is still fully intact. There is nothing that we've seen, and I think we've demonstrated here today the story and the cash flow is coming. So I think that we feel pretty good about that. Just a couple of comments. So first reflecting on some of the BUs, business unit, commentary here. For sure, I think their excitement about their businesses really came across quite well in building those businesses and looking at the franchises and figuring that how they are going to grow them. I think the progress that's made on execution of those projects coming into service over the next while and delivering the EBITDA from each of these businesses, I think, is going to be very solid. And speaking of solid, I think I heard that word or at least "rock solid" 3 times. And that's really going to one of the key themes that we talked about. Specifically, Bill Yardley mentioned on his business the fact that we got new projects coming in here already, the $1.5 billion. I think those have been quietly brought forward, but they are pretty strong and very much in line with what we're expecting from Spectra, those legacy assets. Texas Eastern, he showed that map where you've got volumes moving into the U.S. Northeast or down into the Gulf Coast. That system has on the looks that our Liquids Pipelines does in terms of its expandability and flexibility. And once you have one of those platforms and the ground, there is just massive optionality that comes with it. He is working very hard on cracking the code on the U.S. Northeast situation and I think hopefully will come up with some solutions there.

Cynthia mentioned her business, the fact that it's a fast-growing utility and really this is one of those hidden jewels, I think, in the crown. Great opportunity on what can be done there with 2 utilities together, particularly on the cost side, going forward, and I really believe that these 2 utilities are accretive to our value proposition.

The takeaway from Guy's discussion, I think, if you listen carefully, it is all about his focus on customers. And moving forward those expansions, 550,000 barrels per day, that is meaningful stuff to our customers. I think his commercial plan related to how we manage the mainline going forward in this environment is going to be very critical. And I think we talked about some of the value propositions that we can offer with our system going forward, when you have 2.7 million barrels per day of capacity and the flexibility with and that system, there is lots -- that is lots of that can come forward for our customers. And finally, he mentioned the Gulf Coast and it really is important to note that he is well on his way on that one. We obviously, as he mentioned, got disrupted when we were focused on Spectra. But that, getting on the water and making sure we have infrastructure in that part of the world, given what I said about how important North America is going to be about -- around exports in the future, that's the linchpin, I think, we need to put in the.

Vern's discussions, I thought, really reflected where we see this renewables business. It's a solid platform; it's got good growth. I think what we've been able to do over the last little while is move it, as he alluded to, from more of a startup or a passive investment to one that we really can add value from. And that's always the challenge in our business, in our capital allocation decisions, is how do we make this a real business? How do we replicate the look that we had in the other businesses with that one.

So just to round it out, a few points to close here. I mentioned how the utility was a bit of crown jewel asset. And I think really think, though, when you go big picture here, we had a crown jewel with the liquids business. We still do. The utility business doubled up on its jewel value. But the Spectra assets overall, particularly the gas framework we have now in the U.S. Northeast, that is really adding a pure, new crown jewel assets to us. I think the fact that this repositions us in terms of extending and diversifying our growth was really what we were trying to do in the deal and they are delivering growth already. I think that's very apparent.

And I am very pleased with the progress we've made on integration. Everybody knows that this is not easy to do. And the fact that we've come this far this quickly and made so much progress, I'm very pleased with. The value proposition, this came through everybody's presentation. And it's a something that we really wanted to pound the table on today. This is very much intact from what we have always had and the Spectra deal, if anything, further enhances that value proposition. And risk management and making sure we are protecting the downside perhaps isn't as exciting as talking about growth. But the combination of growth with lower risk is really what we're trying to do, extending the value gap essentially between returns and net embedded cost of capital and managing risk is extremely important to the latter.

The balance sheet strength. We are very proud of the success we've had in strengthening that. John explained that are very well. We're committed to that. We have got, obviously, as he just mentioned, a ton of options to raise capital. And I think that is an element of discussion around complexity in vehicles, but for us, these do provide a lot of levers to pull. So we can maximize that overall cost of capital in terms of having the lowest possible amount.

Our transparency to growth, finally. Through 2019, hopefully we've demonstrated that that's there. The backlog is also there. And we're working very hard on making sure we bring those projects forward. Bottom line is we think the 10% to 12% average annual growth into the next decade is very solid. I'll just end with one comment around capital allocation. We spent a lot of time on that today. There is not going to be any shortage of opportunities. I'm not worried at all about that. We are really going to be more challenged by how do we sift through it all and how do we make sure that we're picking the best projects. And I think we've demonstrated over the years that we can do that. We can allocate capital well in this business. So with that, I'm going to close it off. I think we're just about on time here, in fact, right on time. So what we will do, I think, Jonathan, break for lunch, which is right outside. Please join us for lunch. I know people have to get back to their offices, but we'll be around. So please come up to us and we'll provide more responses if you have some lingering questions. Or as usual, please follow up with us after this presentation. The team will be ready to take questions and, obviously, we'll be available. Thank you very much for joining us today. And we'll see you at lunch.

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