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# EDITED TRANSCRIPT

ENB.TO - Enbridge Inc Conference Call to Discuss \$7.5 Billion Mainline Replacement Program Cost Estimate and Issuance of CDN\$400 Million of Common Equity

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## CORPORATE PARTICIPANTS

**Adam McKnight** *Enbridge Inc - Director of IR*

**Al Monaco** *Enbridge Inc - President & CEO*

**Richard Bird** *Enbridge Inc - EVP, CFO & Corporate Development*

## CONFERENCE CALL PARTICIPANTS

**Linda Ezergailis** *TD Securities - Analyst*

**Carl Kirst** *BMO Capital Markets - Analyst*

**Steven Paget** *FirstEnergy Capital - Analyst*

**Robert Catellier** *GMP Securities - Analyst*

**Pierre Lacroix** *Desjardins Securities - Analyst*

**David Noseworthy** *CIBC World Markets - Analyst*

**Ashok Dutta** *Platts - Media*

**Nia Williams** *Reuters - Analyst*

## PRESENTATION

### Operator

Good morning, ladies and gentlemen, and welcome to the Enbridge Inc. conference call. My name is Brandon, and I will be your operator for today.

(Operator Instructions)

Please note that this conference is being recorded. I would now like to turn the meeting over to Mr. Adam McKnight. You may begin, sir.

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### Adam McKnight - Enbridge Inc - Director of IR

Thank you, Brandon. Good morning, and welcome to today's call. With me this morning are Al Monaco, President and CEO; Richard Bird, Executive Vice President, Chief Financial Officer, and Corporate Development; John Whelen, Senior Vice President of Finance; and Leigh Kelln, Vice President, Investor Relations and Enterprise Risk. And also joining us by conference call in Banff is Guy Jarvis, President of Liquids Pipelines.

This call is webcast, and I encourage those listening on the phone lines to view the supporting slides, which are available on our website. A replay and podcast of the call will be available later today, and a transcript will be posted to our website shortly thereafter.

The Q&A format will be the same as always. We'll take questions from the analyst community first, and then invite questions from the media.

I would ask that for everyone's benefit you wait until the end of the call to queue up for questions, and that questions are limited to two per person. Please reenter the queue if you have additional queries. I would also remind you that Leigh and I will be available after the call for any follow-up questions that you might have.

Before we begin, I'd like to point out that we may refer to forward-looking information during the call. By its nature, this information applies certain assumptions and expectations about future outcomes, so we remind you, it is subject to the risks and uncertainties affecting every business, including ours.



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This slide includes a summary of the more significant risk factors that might affect future outcomes for Enbridge, which are also discussed more fully in our public disclosure filings available on both the SEDAR and EDGAR systems. With that, I will now turn the call over to Al Monaco.

### **Al Monaco - Enbridge Inc - President & CEO**

Okay. Thanks, Adam, and good morning everyone. Thanks for joining us for this out of cycle call.

Just to further introduce Leigh Kelln, who is here today, Leigh was recently appointed Vice President of Investor Relations and Enterprise Risk. She has been with Enbridge since 2009 and brings a wealth of financial experience to her new role, and it's another illustration of the senior leadership rotational program here at Enbridge. As you've seen, we've had a few announcements yesterday, so we thought it'd be useful to hold a brief call to put those in context and respond to questions.

Slide 4 is the agenda. First, we announced some executive changes, including Richard Bird's intention to retire by the end of this year, so we'll cover that. Then there's the restructuring of our general partner incentive mechanism at Enbridge Energy Partners, or EEP, and EEP's drop down of an additional interest in the gas gathering and processing business to Midcoast Energy Partners.

We'll also get to an update on the Line 3 Replacement program and associated funding implications, Richard will cover the latter one there. And it's been well reported, but I will make a brief comment or two about the federal government's approval of Northern Gateway and close off with our updated capital program.

So moving to slide 5, as you've seen, we announced that Richard Bird, our EVP, CFO, and Corporate Development has planned to retire by the end of this year. Richard has been a fixture at Enbridge, and many of you have come to know him very well over the last two decades. I'll come back to his contribution in just a minute.

Although Richard's plans have only been finalized in the last little while, it's been something he and I and our Board have been preparing for, for quite some time. In fact, our succession planning process has had high potential individuals under development for this role, and for all the [LT] positions.

In this case, in the case of Richard's current role, the plan is actually to separate that role back into two positions, a Chief Financial Officer and a Chief Development Officer. This makes sense for us now, given the growth we've experienced, and the opportunities we have in front of us.

As you'd expect, we've gone through a very thorough process over the last two years on this succession. This included a review of internal candidates for these two roles, as well as an external search and benchmarking of internal candidates against that.

Two individuals stood out as highly capable, both are known to most of you, being John Whelen on the finance side, and Vern Yu on the corporate development side. So as of July 1, John and Vern will take on new responsibilities intended to further prepare them for Richard's plan of retirement later this year. The organization chart laid this out on the slide.

In the meantime, Richard will work with both to ensure a good transition. John and Vern have both had 20-year plus careers at Enbridge, they bring tremendous experience and ability to their roles, and they've each had significant accomplishments.

We noted a few of those in the news release. They've also rounded a number of bases here at Enbridge, which is the hallmark of our leadership succession process, and why we feel very comfortable that we are well-prepared.

As for Richard, I'll make a few comments, probably short today, because for one, he will be with us for a while, but also because if we were to go through every accomplishment, we'd probably take up the whole call. But in a nutshell, Richard has been a force at Enbridge for 20 years, and even before that in his Gulf and GW Utilities days.

Many of our senior executives, in fact, were hired by Richard, or worked with him, including John and Vern. So his disciplined approach to the business will carry forward.

There are a lot of ways to describe Richard, but two things stand out to me. First, he has a great combination of analytical ability, creativity, understanding of the business, and a pragmatic approach, which are all brought together to make things happen. Second, Richard is one of the most dedicated and hard-working executives I've ever known.

And I know one thing for sure, he'll keep up the same pace right up until his retirement. And after 40-plus years in business, including a stint in academia, he has certainly earned his retirement.

Moving on with the business at hand, slide 6 summarizes the restructuring of our general partner equity interest in EEP, which we just announced. We believe EEP has good potential to regain a role in Enbridge's funding strategies, similar to Enbridge Income Fund. That is a low-cost source of funding for both its organic liquids pipelines growth opportunities, and ultimately, for drop down of stable cash generating assets from Enbridge, which we have a large inventory of.

The equity restructuring is the latest in a series of steps we've taken over the last year to move EEP in that direction. The basic concept of what we announced is to reduce our share of Partnership's incremental cash flow growth from 50% today to 25% going forward.

Note that our share, though, of the current distributable cash flow will remain unchanged. So for example, if EEP proceeds with a new project that generates incremental cash flow in excess of the current quarterly distribution, our general partner's share will be 25% rather than 50%. In a nutshell, we believe this restructuring will result in a larger cash distribution growth pie generated by EEP, which will result in higher absolute level of cash flow to Enbridge, and to the Partnership's unit holders.

As I mentioned, this restructuring builds on the steps we initiated last year to get the partnership back to a cost-effective sponsored vehicle for Enbridge. Recall that included our preferred unit investment, co-investment between EEP and Enbridge in new liquids projects, and establishing Midcoast Energy Partners late last year, that was the IPO.

On the topic of Midcoast, let's turn to slide 7. As promised to we've begun the process of drop downs for the G&P business, the drop announced today involves an additional 12.6% of EEP's G&P business to Midcoast Energy Partners, and the amount was CAD350 million. That would bring MEP's interest in the G&P business to almost 52%.

This was really in the same general vein as the equity restructuring we just discussed. It establishes Midcoast as a new low-cost funding vehicle for the G&P business, and it releases capital required to support EEP's investment in its attractive liquids projects. The drop down generates CAD350 million, as I said, for EEP to put towards its funding needs, with a reasonable valuation on the assets at a lower cost of funds than issuing EEP common units.

Moving to slide 8, we also announced the final cost estimate for our Line 3 Replacement program, which was an increase of CAD700 million from the preliminary estimate. This final estimate reflects the capital cost refinement we go through for our class estimation process, so a further analysis, fully up-to-date with current construction costs and based on BTL route analysis and terminal engineering.

Recall here that our capital cost exposure was 25% on any increase from the preliminary unclassified estimate, which we discussed in March. The international joint total surcharge will adjust upwards to offset the 75% of the impact of higher costs on the program's return on equity.

Return-wise, we still remain within the low double-digit range which we target for most investments, with the upward tilted profile we've been talking about. The program is in its early stages of execution but remains on track for completion in the second half of 2017.

So now I'll turn it over to Richard to cover the funding implications of the final Line 3 cost estimate.



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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

Good morning. I'll pick up at slide 9, which depicts our five-year funding requirements in the usual format. As Al mentioned, the final capital costs for the Line 3 Replacement program adds about CAD700 million to our secured growth capital, and therefore to our overall funding requirement.

This plays up a CAD300 million increase in our debt funding requirement, which is relatively inconsequential, and also a CAD400 million increase in our equity requirement, which would have pushed us back up to the CAD2.7 billion level left to go by 2017. But as you've seen from the news release, we decided to take the equity requirement increase off the table with a CAD400 million public issue, trimming that equity requirement back to the CAD2.3 billion level that we stood at before the Line 3 Replacement final cost estimate.

Turning to slide 10, slide 10 recaps our approach to that CAD2.3 billion remaining equity requirement. And so we're still at roughly CAD2 of alternatives to public common equity for every CAD1 of equity that's required, and with a preference to draw on these alternatives to provide lower-cost equity funding for the remaining CAD2.3 billion.

This begs the question of why we then went to the public market for the incremental CAD400 million, and the answer to that is, because it was incremental. We could likely have accommodated it by drawing more deeply on the alternative sources. There is certainly enough room there in the concept to do that, but those alternatives do come with some market risk and execution risk, so we concluded that our investors would be better served by derisking the funding plan, foregoing really a pretty minor amount of capital cost optimization for the sake of being well-funded on our record investment program. And with that, I'll turn it back over to Al.

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**Al Monaco** - *Enbridge Inc - President & CEO*

Okay. Thanks, Richard. Turning now to the federal government's approval yesterday of the Northern Gateway pipeline, obviously we are pleased with the decision. It's an important milestone in what has been a long and rigorous road, and the most comprehensive review in Canadian history, but while it marks the completion of the regulatory phase, we still have a lot of work to do. While we continue to work toward the earliest possible in-service date of late 2018, we are still taking this process one step at a time.

Two priorities right now, first is addressing the joint review panel conditions and the remaining gaps with the BC government. Second, we'll continue to work on the ground to address concerns, and to further build local support.

And of course, we are working as well on our cost estimate. It's obviously an important project on many fronts, but we're not counting on Northern Gateway in order to sustain our industry-leading growth post 2017.

On that note, slide 12 updates our enterprise-wide growth capital continuity back to Enbridge day in 2012, which now stands at CAD42 billion. That's growth investment to be in service by 2017. That includes CAD37 billion, which is now commercially secured, and another CAD5 billion of attractive projects on which we are making good progress, but are not yet secured.

Slide 13 depicts our expected average annual earnings per share and dividend growth rates through 2017. You've seen this before.

The Line 3 Replacement program will be accretive to EPS in the first full year of service, but with a target completion date in the latter half of 2017, it will make only a modest contribution to our expected 10% to 12% average annual growth through 2017. We'll see a much more significant contribution in 2018, and then increasingly in the years to follow, given that tilted return profile we talked about.

And as we've said before, dividend per share growth should track EPS growth but on a more linear path, as you see in the slide here, and given the number of projects coming into service over the next three to four years, and depending on the investment opportunities we see after that, there's always a possibility of accelerating dividend growth. So with that, we'll go to Q&A.



## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions)

Linda Ezergailis, TD Securities.

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**Linda Ezergailis** - *TD Securities - Analyst*

Richard, congratulations on your retirement announcement. You'll be missed.

Now, with respect to the cost increases on the Line 3 Replacement, is it a function of a weakening Canadian dollar, or something else?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Yes, Linda. Maybe I'll take that. Essentially there's probably three or four areas, that being one of them for sure, foreign exchange. In addition to that the detailed engineering that we undertook related to the terminal, the Hardesty terminal identified some additional scope that we needed, and probably a little bit more related to tightening of the mainline construction market in Canada. So there's probably three or four areas, foreign exchange being one, and then those two other areas.

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**Linda Ezergailis** - *TD Securities - Analyst*

Right. Thank you and maybe you could give us -- great to hear that you're still going to get your double-digit returns on the project, but with Enbridge absorbing 25% of that CAD700 million, what is the delta in commensurate returns for the overall project?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Richard, do you want to take that?

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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

Sure. Yes. I bet you, you could calculate that, Linda, but I think it's safe to say that based on the original capital cost estimate, we were looking at double-digit -- low double-digit returns, but at the high end of what we would normally characterize in that range. And with the increase in the capital costs and our carrying 25% of that, it's still in the low double-digit returns, and it's actually still in the high end of the low double-digit returns, so there is a minor change, but it's not terribly significant.

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**Linda Ezergailis** - *TD Securities - Analyst*

Okay. And is that incorporating also the changes at EEP, and still assuming a 50% ownership of the US portion?

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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

It is, although the changes at EEP are almost negligible. They are negligible, almost all of that increase is on the Canadian side.

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**Linda Ezergailis** - *TD Securities - Analyst*

No. But I mean the restructuring -- the change in the splits, in the growth of the split. The move from a 50/50 distribution over the of LP GP distribution increases, the 75/25 -- is that incorporated?

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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

If I understand your question correctly, the change in the general partner incentive split going forward doesn't impact the way we calculate project returns. We calculate that at the project level, and independent of the GP incentive component that comes back to Enbridge.

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**Linda Ezergailis** - *TD Securities - Analyst*

Okay. Thank you.

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**Operator**

Carl Kirst, BMO Capital.

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**Carl Kirst** - *BMO Capital Markets - Analyst*

Certainly, congratulations as well Richard, John, Vern. Quick question if I could, Richard, with respect to maybe first at EEP, with restructuring of the GP IDRs, what would you think that perhaps that will due to the LP growth rate, or are you all prepared to give a longer-term growth rate like you do with the ENB dividend?

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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

Well first of all, I wouldn't want to do that with respect to EEP on this call because that would be an EEP disclosure matter, but I think that EEP has indicated already that it's looking at a range of 2% to 5% in its long-term growth rate, and this action, taken by itself will simply reinforce the growth rate within that range. You'd need to see some incremental investment within EEP to really see the power on the EEP distribution growth rate of the restructuring that's just been identified. So just by itself, it will still keep EEP within that 2% to 5% range.

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**Al Monaco** - *Enbridge Inc - President & CEO*

Yes. And that last point is critical because the whole purpose of this restructuring, at least one of them, is to provide the underpinning for that future investment to happen, as well as obviously, hopefully better financing capability for EEP's organic growth. So it's a combination of things.

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**Carl Kirst** - *BMO Capital Markets - Analyst*

No. Appreciate that color and actually Al, that speaks to my second question with that. And I didn't know, obviously early days here, still a lot on the plate. Does doing the IDR restructuring shift the view of EEP as potentially being a receiver of assets or a drop-down candidate earlier than expected, or should we still keep that as a toolbox outside of the immediate horizon, if you will?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Yes. I would say it is probably the latter. You know the way we look at this is, that it sets the right conditions for that. It puts EEP on a better footing to do that, and moves us in the right direction. But I think it's a little bit early to make a conclusion that it would be happening sooner.



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On the other hand, the latent potential is strong here, just given the number of assets that we have. You're familiar with, I think we outlined those in our investor package. So it's a good opportunity, but maybe a bit early to make the conclusion that will be happening quickly.

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**Carl Kirst** - *BMO Capital Markets - Analyst*

Fair enough. Appreciate the other color. Thank you.

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**Operator**

Steven Paget, FirstEnergy Capital.

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**Steven Paget** - *FirstEnergy Capital - Analyst*

Congratulations, Richard, on your pending retirement, and to John and Vern on their new roles. Could you please comment on the permitting issues surrounding the replacement of Line 3? Could this be delayed if those that believe it needs a presidential permit are successful in pushing that through?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Steven, as we've said, I appreciate this is still some question in people's minds on this, but from our point of view the permit is not required, simply because this replacement falls in the category of maintaining the line in the condition that it was originally put into when the original presidential permit was granted, so that's our view.

As far as the permitting process, that's underway, we're in the field. We're contacting landowners. We're having good discussions and addressing any issues they have, and I think that's going well. We're pretty much on track to where we thought we would be by this point in time, making reasonable progress, but obviously we have a ways to go through that and then on to construction.

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**Steven Paget** - *FirstEnergy Capital - Analyst*

That's good news. Thanks, Al. You've identified some operating at attractive assets, specific assets that might be dropped down into the Enbridge Income Fund. The EIF is trading strongly. When do you think we might see some of these drop downs happen?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Well, I can tell you that it's one of the things that we have on our list that's fairly high on the priority order. Obviously, we're working on everything we can to further enhance where we are today. I wouldn't want to get specific as to timing, but we're working on it. Let's put it that way.

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**Steven Paget** - *FirstEnergy Capital - Analyst*

And could there be an Enbridge Canadian midstream MLP or fund vehicle?

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**Al Monaco** - *Enbridge Inc - President & CEO*

That's a good question. Certainly a possibility in the future. I think at this point, we are probably not to the scale in our Canadian midstream business.



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We've got two good assets. We are happy with how we brought those along, but it's maybe just a tad early, but always an item that we are thinking about. So I think it's a good point to raise, but maybe a tad early in the quarter.

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**Steven Paget** - *FirstEnergy Capital - Analyst*

Thank you, and those are my questions.

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**Operator**

We would like to invite members of the media to join the queue for questions.

(Operator Instructions)

Robert Catellier, GMP Securities.

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**Robert Catellier** - *GMP Securities - Analyst*

My congratulations as well for the executive changes. You have touched on a couple of my questions, but maybe a little bit more color, specifically on the cost increase side. I'd like a little more detail there if you can, specifically of the cost increase on the Canadian side, how much -- can you give us a rough split between land and stake -- maybe land and land owner cost versus materials and labor?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Well, we probably not going to get that detailed but maybe I could put it this way. I think there's probably three or four general areas and out of the CAD700 million increase, it's roughly split between the scope changes I mentioned on the terminal, the mainline construction market, and general other permitting issues and maybe the FX component is just a tad lower than that.

So I wouldn't say anything in particular sticks out as a major item. It's more divided along those three or four areas, equally.

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**Robert Catellier** - *GMP Securities - Analyst*

So then it does sound like it's really a result of the -- I guess the inflation-prone environment in Alberta, and just construction generally?

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**Al Monaco** - *Enbridge Inc - President & CEO*

No. I wouldn't make that conclusion because I think in terms of the terminal changes, that was through additional design work. Obviously when you have a preliminary estimate, you've only done a certain level of engineering.

As you progress through the process the class estimation process, you get more engineering and more detailed, and that sometimes reveals some additional scope that you need to add. And then, foreign exchange as I said, is another component, so I wouldn't necessarily conclude it was primarily inflation-related and it has some other elements to it.

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**Robert Catellier** - *GMP Securities - Analyst*

Okay. And just with respect to your financing strategy for the EEP component, how close are we for them to be able to conclude their participation level, and is there any other financial strategy that has to be put into place before we get clarity on that number?



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**Al Monaco** - *Enbridge Inc - President & CEO*

Are you referring to the -- their participation in Line 3?

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**Robert Catellier** - *GMP Securities - Analyst*

Yes. Specifically to Line 3.

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**Al Monaco** - *Enbridge Inc - President & CEO*

Okay. Richard, why don't you update him on that?

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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

Well, that is a matter for the EEP special committee and their advisors, and I don't think it would really be appropriate for us to try and anticipate what their timing will be. There's no huge rush on that front, for them to finalize that, so they'll take it in their usual very thorough process, to decide how much of Line 3 US segment they feel is appropriate for the partnership to afford and fund, and we are basically just awaiting that conclusion, but not expecting it imminently, expecting it to take a while.

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**Robert Catellier** - *GMP Securities - Analyst*

Okay. Thank you.

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**Operator**

Carl Kirst, BMO Capital.

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**Carl Kirst** - *BMO Capital Markets - Analyst*

Two quick follow-ups if I could. Just with respect to Gateway and understanding that you all were looking at continuing to chop some wood over the next 12-plus months, should we think of a cost estimate, revised cost estimate that would be coming this year, or would that be something that would come more at perhaps the conclusion of reaching the BC [hit] and et cetera?

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**Al Monaco** - *Enbridge Inc - President & CEO*

That's a good question. I like the characterization of chopping wood, I never thought of it that way, but I suppose that's one way to characterize it.

You know, maybe we could put it this way, we should probably get through the cost estimation process this year, and that would include us reviewing it internally. We'll also, then have to review it with our partners and shippers on the project. So my thought is, we should be pretty close by the end of the year, as far as the CapEx estimate.

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**Carl Kirst** - *BMO Capital Markets - Analyst*

Great. And then last question if I could, could we touch on the status of Flanagan South?



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**Al Monaco** - *Enbridge Inc - President & CEO*

Sure. I think we have predicted that would be a third quarter in-service date. If we had to make a re-estimate of that, it'd still be in the third quarter, but I would say it's probably going to be near the end of the third quarter, in general terms, Carl.

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**Carl Kirst** - *BMO Capital Markets - Analyst*

Okay. Thank you so much.

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**Operator**

Pierre Lacroix, Desjardins Capital.

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**Pierre Lacroix** - *Desjardins Securities - Analyst*

Just coming back on the press release, you mentioned that you're making good progress on that CAD5 billion remaining of unsecured capital. Could you maybe update us on what are the key projects that are getting closer to the line? Please?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Well, we are not going to do that, Pierre. I appreciate the question, but maybe what I could say is that there is a number of those that could be in the tens of projects, and so it's not just one or two that fill up that category. And I will say there's spread amongst the various business units.

So I wouldn't say there's anything in particular that is large or necessarily imminent on that front, but we're working all of those projects right now, and as we said before, we are happy with that inventory, and we'll see where it goes. But that's about all I'm going to say about it, I think, Pierre.

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**Pierre Lacroix** - *Desjardins Securities - Analyst*

That's good. I appreciate the color, and good luck to Richard.

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**Operator**

David Noseworthy, CIBC.

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**David Noseworthy** - *CIBC World Markets - Analyst*

Just wanted to add my congratulations to Richard, John and Vern, on your respective career changes. Just in terms of ENF, given that there's a greater likelihood of increased capital needs going forward, how can Enbridge increase the rate of drop downs to the fund to take better advantage of the non-public equity sources?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Okay. Well, I guess the sponsored vehicles sit within Richard's current responsibilities. I can give some color, but Richard, do you have some thoughts?



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**Richard Bird** - *Enbridge Inc - EVP, CFO & Corporate Development*

Sure. So how can Enbridge increase the rate of drop downs to the Enbridge Income Fund to address Enbridge's funding requirements? Well, I think if you look at that CAD2.3 billion of equity that's left in our funding requirements, we would be looking to a substantial component of that to come from further drop downs to the Enbridge Income Fund. Between that and additional pressure issues I think we should be able to cover off that CAD2.3 billion.

There's room to grow beyond that. At the moment our funding requirements don't go beyond that, so if we're looking at it purely from a funding exercise, I think that we'd just continue more or less at the rate that we have historically; CAD1 billion to CAD1.5 billion assets a year, that will generally look after those funding requirements. I'm not sure if that answers your question, but let's start there.

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**Al Monaco** - *Enbridge Inc - President & CEO*

Maybe just another part to add to what Richard said is that ultimately, I guess, Enbridge's participation in a particular drop down in terms of units that we take back is probably another way we can think of it as a flywheel, I guess, but I think that's how we look at it.

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**David Noseworthy** - *CIBC World Markets - Analyst*

Yes. I guess the way I'm thinking about it is that if the plan now is CAD1 billion to CAD1.5 billion a year based on what you have, and it does not seem like the opportunities are really slowing dramatically, do you not foresee a situation where you might want to be doing more than that? And if so, we've seen I guess a little more than a year go by with no drop downs. How can you get that process more efficient, and are you looking at that at all?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Sure. Well, I'll take another stab at that. I think there is certainly potential to expand the size or expand the frequency, and to the extent that we saw a significant shift in our funding requirements and our capital program, that would certainly be a tool that we could bring to bear.

At the moment, we're trying to manage that capital program to that CAD40 billion or so target, and don't anticipate a major expansion of that at the moment. Hard to know what could come, but within that range, I think the historical rate and frequency, notwithstanding the one-year holiday that we took there, should be adequate. But for sure your suggestion that there's room to do more is accurate, if there was a call to do more.

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**David Noseworthy** - *CIBC World Markets - Analyst*

Great. Thank you very much.

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**Operator**

Ashok Dutta, Platts.

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**Ashok Dutta** - *Platts - Media*

Just a very quick question. If I could get an update on the Seaway pipeline, please?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Yes. That's another one that was slated for Q3. From the conversations we had with our partner, Enterprise, it looks like that project is on track, so I would say that certainly -- probably earlier in the third quarter for Seaway, relative to what we've said about Flanagan South, so I'd say early Q3, and it looks like we're on track for that.

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**Ashok Dutta** - *Platts - Media*

Okay. And when do you look at starting line filling?

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**Al Monaco** - *Enbridge Inc - President & CEO*

Well, that will depend on when we get the final go-ahead from Enterprise in terms of construction completion. So as I said, I'd say that's early Q3 and we won't get specific about line filling. So we'll just have to wait and see when the construction is done.

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**Ashok Dutta** - *Platts - Media*

Okay. Thank you, Al.

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**Operator**

Nia Williams, Reuters.

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**Nia Williams** - *Reuters - Analyst*

I just wanted to ask if Enbridge has any concerns that a future NDP or Liberal government would somehow block Northern Gateway, and what steps it would have at its disposal to do that? At the moment, there appears, it seems to be that the future government wouldn't be able to revoke the permit, but it could make life quite difficult to operate.

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**Al Monaco** - *Enbridge Inc - President & CEO*

Well, I guess, maybe just a couple of things. The first is that we're a ways away from putting shovels in the ground here, as we said on the media call related to the decision. We are being very disciplined about our approach here, we are going to focus on addressing the 209 conditions. That's really our first priority.

And then secondly, who the government of the day is next time around is entirely in the speculative category, and it's just not something that's useful for us to worry about or speculate at this time.

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**Nia Williams** - *Reuters - Analyst*

Okay. Thanks.

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**Operator**

We have no further questions at this time. I would now like to turn the call back over to Mr. Adam McKnight for closing remarks.



## JUNE 19, 2014 / 1:00PM, ENB.TO - Enbridge Inc Conference Call to Discuss \$7.5 Billion Mainline Replacement Program Cost Estimate and Issuance of CDN\$400 Million of Common Equity

**Adam McKnight** - Enbridge Inc - Director of IR

We've got nothing further to add at this time, but I'd remind you that Leigh and I will be available after the call for any questions that you might have. Thank you, and have a good day.

**Operator**

Ladies and gentlemen, this concludes today's conference. Thank you for joining. You may now disconnect.

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