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CORPORATE PARTICIPANTS

Adam McKnight *Enbridge Inc - Director of IR*

Al Monaco *Enbridge Inc - President and CEO*

John Whelen *Enbridge Inc - EVP and CFO*

Guy Jarvis *Enbridge Inc - President of Liquids Pipelines*

CONFERENCE CALL PARTICIPANTS

Linda Ezergailis *TD Securities - Analyst*

Rob Hope *Macquarie Research - Analyst*

Robert Kwan *RBC Capital Markets - Analyst*

Robert Catellier *GMP Securities - Analyst*

Ted Durbin *Goldman Sachs - Analyst*

Paul Lechem *CIBC World Markets - Analyst*

Andrew Kuske *Credit Suisse - Analyst*

Steven Paget *FirstEnergy Capital - Analyst*

Ashok Dutta *Platts - Media*

Lauren Krugel *The Canadian Press - Media*

PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Enbridge Incorporated 2016 guidance conference call. I would like to turn the meeting over to Adam McKnight, Director Investor Relations.

Adam McKnight - *Enbridge Inc - Director of IR*

Thank you, Hilda. Good morning, and welcome to Enbridge Inc's 2016 guidance call. With me this morning are Al Monaco, President and CEO; John Whelen, Executive Vice President and Chief Financial Officer; Guy Jarvis, President Liquids Pipelines; Wanda Opheim, Senior Vice President Finance; Leigh Kelln, Vice President Investor Relations and Enterprise Risk; and Chris Johnston, Vice President and Controller.

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 prior calls.

We'll take questions from the analyst community first, and then invite questions from the media. I would ask that you wait until the end of the call to queue up for questions, and please limit questions to two per person, then re-enter the queue if you have additional queries. I'll also mention that the Investor Relations team will be available after the call for any questions that you might have.

Before we get started, I'd like to point out that we will refer to forward-looking information in connection with Enbridge and the subject matter of today's call. By its nature, this information contains forecasts, assumptions and expectations about future outcomes, so we remind you it is subject to the risks and uncertainties affecting every business, including ours. This slide includes a summary of the significant factors and risks that could affect future outcomes for Enbridge, which are discussed more fully in our public disclosure filings, available on both the SEDAR and EDGAR systems.



I'll now turn the call over to Al Monaco.

Al Monaco - Enbridge Inc - President and CEO

Okay. Thanks, Adam. Good morning, everybody. We know there's another event today, so we thank you for joining us. We'll try to be efficient with your time.

The slide here just outlines the purpose of the call. I'll begin by talking about the dividend increase that we announced earlier today. I do want to spend a few minutes on how we're uniquely positioned for the current commodity price environment.

Yesterday, we finalized our next year's budget, so John will take you through how we see 2016 shaping up, and our guidance numbers. Then I'll wrap up with our longer-term outlook, then go to Q&A.

So turning now to slide 4, the headline today is continued strong dividend growth. As I said earlier this morning, we announced our 21st consecutive annual dividend increase. This one from the current level of CAD1.86 a share to CAD2.12 a share for 2016. This 14% increase follows the 33% jump we had last year, so that's a 51% increase in two years.

And the increase is in line with our DPS range that we laid out for the investment community at Enbridge Days in October. The long-term pattern you see here stems from the strong cash generating capability of our assets, and continued investment in the business, about CAD36 billion over the period that you see here in the chart. And we're confident dividend growth will continue, as we execute our CAD38 billion program over the next five years.

Now, key to this is that unlike most of the peer group, we continue to maintain very strong cash flow coverage of the dividend, of around 2 times, throughout the five-year planning horizon. The strength of that coverage comes from a few things, and it does a few things for us.

It gives us a buffer while we execute the bulk of the CAD25 billion in secured capital over the next two to three years. It follows -- it allows us the flexibility to capitalize on new opportunities, and depending on how we see those opportunities, whether they're attractive or not, it provides scope to accelerate the pace of dividend growth.

Turning now to slide 5, and why we're confident about our ability to continue this kind of growth in the dividend with the current environment. Over the past year, we've seen significant erosion in midstream valuations, for a host of reasons. We've got the downturn in commodity prices, reduced upstream investment in some areas, and the expectation of rising interest rates.

So the slide here captures the three reasons why we believe our business model positions us well in this environment. Number one, we're largely insulated from low commodity prices in the near to medium term. Two, the combination of strong and transparent supply growth, and constrained pipe capacity in Western Canada, differentiates us from shale growth-driven businesses. And third, the magnitude of our capital program, and the progress in executing the projects, means there's a high probability we can continue to grow in this macro trough, and then beyond.

Let me take you through each one of these three points, beginning on slide 6, with how we're insulated from commodity exposure. So as many of you know, we measure market price risk, including commodities, through earnings at risk. We manage to below 5%, and it's currently less than 3%.

95% of our cash flows are underpinned by strong commercial constructs. That includes 10 to 25 year long-term take or pay contracts, on pipes upstream and downstream of the mainline. It's that supply push and market pull that drives mainline volumes under our industry CTS agreement.

Then we have term contracts on long haul natural gas pipes, and we're under incentivized cost of service on our gas distribution utility. Another question we often get relates to credit risk. 95% of the revenues are from investment-grade companies or equivalent credit enhancement.

We've simply not had any credit defaults to speak of, because crude natural gas, as everybody knows on the call, needs to flow to market. And remember, as well, that about -- I guess it's 10 mainline shippers are companies like Exxon, Imperial, Shell and Suncor, so they're the strongest of integrated players in the industry.

Let me come back to how our major supply basin is different from others, on slide 7. First, oil sands reserves have very stable production profiles, with 40 plus year lives, compared to the super-high decline rate shales that need extensive drilling to maintain and grow production. Equally important, oil sands projects in execution are expected to provide 800,000 barrels per day of growth out of Western Canada through 2019.

The second chart shows that ex-Alberta pipe capacity will likely be constrained as volumes increase. So the point is, even in a bearish case -- that's the cap operating and under construction case here, the dash black line -- there's a 500,000 barrel per day shortage of ex-Alberta capacity by 2021. And in any scenario, our liquids systems are competitively positioned, because our tolls are the most economical to key markets.

Our systems are also connected to -- connect crude supply directly to refineries in downstream pipes, totaling 3.5 million barrels per day of market demand. Given that production and capacity outlook, our mainline should be in good shape, and full, through the next several years. But what this also tells us is that we'll need more capacity if the cap supply forecast -- that's the solid black line there -- is borne out after 2020 or so.

On that point, we think the best way to add new capacity in this environment is through low-cost increment incremental expansion that minimizes tolls and throughput commitments. You can see we have a number of those opportunities that provide up to 800,000 barrels per day of cross-border capacity.

Turning now to slide 8, and the third reason for the strength of our positioning in this environment. Our CAD38 billion capital program will drive strong growth and cash flow, even in a difficult commodity environment. And the reason for that is, CAD25 billion is commercially secured and underpinned by long-term contracts. And as you can see, we've got another CAD13 billion in development.

The second chart shows the profile of secured projects in execution, which are all planned to in service before the end of 2018, for the most part. Now, as you can see here, CAD8 billion of this relates to this year. So we can effectively call one-third of the CAD25 billion already executed.

The remaining two-thirds is made up primarily of large projects, namely Line 3 replacement, Sandpiper, regional oil sands optimization that will support Fort Hills and Norlite, which also supports Fort Hills. Those are all at varying stages of execution, and progressing well. So a very strong portfolio of projects that alone will generate the lion's share of the five-year growth outlook for us.

Finally, a critical element of execution is funding the capital program, especially in this environment. Our approach to funding has been to ensure we can withstand potential capital markets disruption by maintaining a strong balance sheet, more than ample liquidity, and by accessing various sources of equity and debt funding. So John's going to cover that in more detail. But given current valuations, we will be assessing all possible sources of lower-cost capital.

So with that, let me turn it over to John to take you through the guidance.

John Whelen - Enbridge Inc - EVP and CFO

Okay. Thanks, Al. I'm on slide 9 now, starting off with our outlook for 2015, which remains very much in line with the update we provided a month ago on our Q3 call. As I noted at that time, we expected adjusted earnings per share for the full year will likely end up in the lower half of our guidance range of CAD2.05 to CAD2.35 per share. This is mostly attributable to the long delay in receiving leave to open for the Line 9 reversal and expansion project, and to a degree, from weaker than anticipated results at our Aux Sable processing business.

For most of this year, these impacts had largely been offset by stronger than anticipated performance on our Canadian liquids mainline. However, as we noted on our last call, we did see some softness in throughput on the mainline in October, mainly due to disruptions on third-party infrastructure. This included impact for the fire at an upgrader, longer than anticipated turnarounds at refineries served by our pipes, and a disruption at a downstream NGL storage facility.

Now, sitting here today, with November behind us, and with mainline nominations in for December, we are comfortable that the issues we saw in October were truly transitory, and throughput on the mainline is tracking back to where we'd expect it to be. But the nice tailwind we were seeing from the mainline won't be as big as we thought earlier in the year, and so we're still expecting adjusted EPS to end up in the lower half of our guidance range. As for cash flow, based on our most recent projections of maintenance capital and current taxes, available cash from operations, or ACFFO, per share, is still on track to come close to the middle of our guidance range that we introduced earlier in the year.

So moving on to guidance for 2016, and this is now on slide 10. Before I get into the numbers, I want to take a minute and provide some context for how we will be guiding. The very large drop-down that we undertook earlier this year resulted in some significant changes our corporate structure, with the transfer of our largest business, the Canadian liquids pipelines business, to Enbridge Income Fund. It also caused us to reassess how we measure business and corporate performance, going forward.

In June, we introduced ACFFO as a new cash flow oriented performance metric, and provided some initial guidance for 2015. Then in early October, at Enbridge Days, we reviewed our expectations for ACFFO growth over Enbridge's longer-term planning horizon. We've also been looking hard at how best to present and convey the performance of our businesses post the drop-down. And that led us to a review of our segmented reporting, which has traditionally split out the performance of our sponsored vehicles into a separate segment.

This slide illustrates where we've landed -- what we've landed on for presentation in 2016. Starting with our Q1 2016 results, our reporting segments will transition to an operational view, focusing on the Company's five major business lines, regardless of how the assets within each business are owned. You can see the new segments set out in the schedule on the top right hand side of this slide.

And you can also see that at the operating level, the measure we plan to focus on is adjusted earnings before interest and taxes, or EBIT, rather than bottom line earnings. We think this should provide better transparency and insight into the operating performances of our major business lines. EBIT will also provide a clearer and direct link to consolidated ACFFO, which will be the focus of overall performance measurement for the Company as a whole, in 2016 and beyond.

You can see the reconciliation and direct connection to ACFFO on the schedule on the bottom right hand side of this slide. To be clear, these are changes that we will introduce starting with our first quarter [report] (technical difficulty) 2016. Our 2015 year-end results will still be reported using our current segmentation, and will focus on adjusted net earnings.

So with that in mind, let's have a first look at our guidance for 2016. And I'm now on slide 11. And as you can see, we expect consolidated EBIT generated by our businesses will range from CAD4.4 billion to CAD4.8 billion. That's on a 100% basis, before taking into account the share of non-controlling interests.

After consideration of financing, tax, maintenance capital costs, and amounts payable to the public holders of our sponsored vehicles, we expect that our projected EBIT will translate to a bottom line ACFFO of CAD3.80 to CAD4.50 per share to the Enbridge Inc common shareholder. The midpoint of this range translates to very strong year-over-year growth, building upon what is expected to be a very strong growth in 2015.

So what are the big drivers of year-over-year growth in 2016? Once again, liquids pipelines will be the biggest contributor. Mainline volumes will be a significant driver, as volume throughput ex-Gretna is expected to continue to average close to 2.5 million barrels per day in 2016.

Higher volumes are expected to be offset, to some degree, by a lower Canadian residual benchmark toll, as tolls on the Lakehead system are expected to rise. But the mainline system as a whole will be a very strong driver of year-over-year growth. And of course, we'll finally see the benefits of revenue and cash flow from Line 9, which has been line filling in November, and will be in service and generating revenue here in December.

Liquids pipelines is also expecting to generate increased contributions, from both mainline and regional oil sands assets that went into service during 2015, as well as the Southern Access Extension Project, which is expected to be completed and in service by the end of 2015. And our Gulf Coast access pipelines are also expected to generate higher revenue and cash flow, as a result of growing throughput and the anticipated alleviation of the impacts of upstream apportionment on the mainline.



Gas distribution will also make a solid contribution to year-over-year growth, driven by its growing rate base, which reflects the GTA project coming into service in phases later this year and early next year, as well as another strong year of customer additions in Ontario, particularly in and around Toronto. Gas distribution will also benefit from the cost reductions and operating efficiencies that will be shared with rate payers under EGD's customized incentive rate mechanism. Gas pipelines and processing will also boost growth in 2016, with the main driver here being a full year of contributions from new pipelines placed into service on our offshore Gulf of Mexico system.

The Big Foot Oil Pipeline, and the second phase of the Walker Ridge Gas Gathering System, were completed this year, and started receiving take or pay capacity payments in late 2015. Partially offsetting the business growth drivers I just highlighted will be higher financing costs, reflecting the new capital that we've been raising to fund our growth program, and higher distributions to the public investors in our sponsored vehicles, which hold a growing interest in Enbridge's overall asset base. So all in all, we see solid growth in 2016, in line with our five-year strategic plan.

Before I move on, I'll touch on a couple of other factors on the slide that impact ACFFO per share. We do have some maintenance and activities in 2015 shifting into 2016 and as a result, we expect maintenance capital to be a little higher next year, when compared with 2015. It will be somewhere between CAD800 million and CAD850 million, on an enterprise-wide basis. And current income tax should come in between CAD100 million and CAD150 million for the year, which is a good proxy for cash taxes.

So moving on now to slide 12. Given all the growth that we do see in front of us over the coming year, I also want to spend a moment on how we are positioned from a funding perspective. The main message is that we have plenty of flexibility, and continue to enjoy strong and diversified access to private and public capital markets. The left-hand side of this slide summarizes the key entities and markets through which we can raise capital. We showed this at Enbridge Day.

The green areas are markets we either have traditionally used, or are likely to access in the execution of our funding plan over the next few years. The blue markets, the blue shaded portion, are the ones that we see as being potential great sources of incremental capital that we also may wish to access.

In a bit of a tough equity market, like the one we're experiencing today, it's important to remember that we have access to private as well as public capital. For example, we are seeing some good opportunities these days to partner with pension funds and other private equity partners. This is something that we've done opportunistically in the past, and it may make some sense in today's market, as a way to optimize our cost of capital.

It's also important to emphasize that we continue to maintain more than ample liquidity, in the form of fully committed bank credit facilities, to make sure funds are available, when needed, to manage through periods of market volatility and meet any unplanned contingencies. As you can see on the slide, we CAD9 billion of unutilized liquidity available at the end of November. So again, we're very well positioned from a financing flexibility perspective, having diversified sources of capital to draw upon, and plenty of liquidity in reserve.

So turning now to slide 13, let me touch briefly on Enbridge Income Fund before turning things back to AI. Earlier this morning, Enbridge Income Fund Holdings Inc, or ENF, announced a 10% increase to the January 2016 dividend. This is on top of the 10% increase that was announced for the closing of the drop-down of the Canadian liquids pipelines business in early September and it really reinforces the strength of the Fund's diversified asset portfolio, and the inherent growth now embedded in its portfolio of assets.

All in, ENF shareholders will enjoy a 17% increase in annual dividends from 2015 to 2016, after a 14% dividend per share increase from 2014 to 2015. And ENF expects to continue to deliver DPS growth through 2019, 10% annual increases, supported by the significant secured growth embedded within its liquids pipelines business.

We've also provided ACFFO guidance for the Fund group. Remember that the Fund group is the combination of Enbridge Income Fund and Enbridge Commercial Trust, as well as Enbridge Income Partners LP, which is the partnership through which all of the operating businesses of the Fund are held. It's the cash flow generation of this Fund group as a whole that drives distributions to ENF, and ultimately the dividends that ENF pays to its shareholders.



As you can see, we're expecting Fund group ACFFO to come in between CAD1.75 -- pardon me, between CAD1.75 billion and CAD2.05 billion in 2016, reflecting strong cash flow growth generated by the Fund's base business, and new as assets coming into service. So with another increase -- dividend increase under its belt, and more to come, we think ENF is a very attractive option for investors looking for a high payout, and strong and predictable growth, from low-risk energy infrastructure.

And with that, I'll turn it back over to Al.

Al Monaco - Enbridge Inc - President and CEO

Okay. Thanks, John. To conclude, slide 14 reiterates our five-year outlook, which really hasn't changed that much since Enbridge Day. The CAD38 billion capital program drives out average ACFFO growth of 15% to 18% through 2019. The squiggly arrow here you'll see, connecting those first two bars, shows that the growth profile will be uneven, reflecting the timing of new projects coming into service.

Dividend growth is expected to be very strong, at 14% to 16% annually over the same period, but that profile should be more linear. Assuming that level of ACFFO growth and dividend growth, we'd expect to be at about 2 times dividend coverage, on average, through 2019. I think that's an important point, because even though we're delivering superior dividend growth, we're not doing it at the expense of dividend coverage as we execute our capital program. We think that's a prudent approach, and sets us apart from some of our peers and it gives us a fair amount of flexibility in a latter part of the plan, as these growth projects come into service and start generating cash flow.

And finally, on to slide 16. This slide draws out why we believe Enbridge shares at this price provide an even more compelling value proposition than in the past, relative to the peer group. First, our five-year plan is set to provide that 15% to 18% ACFFO growth through 2019, compared to the peer average of 8%. We're confident in that outlook, because of the relatively low exposure to commodity prices we discussed, the outlook for Western Canadian production, which is growing, and the magnitude and progress we are making in executing our capital program. So despite the downturn in the sector, cash flow growth is coming.

You can see that our business model -- this is on the top right-hand side now -- has proven to provide steady and predictable growth over the years. We expect that transparency of rising ACFFO will translate to exceptional dividend growth, 14% to 16%, as we said, versus 8% for the peer group. And even with strong dividend growth, we maintain a conservative coverage, at twice that of the peer group. That positions us very well to capitalize on new opportunities or accelerate dividend growth.

So with that, let's turn it over to the Q&A session.

QUESTIONS AND ANSWERS

Operator

We will now take questions from the analyst community. For everyone's benefit, please limit yourself to one question and related follow-up as appropriate, and return to the queue for additional lines of questioning.

(Operator Instructions)

We have a question from Linda Ezergailis from TD Securities.

Linda Ezergailis - TD Securities - Analyst

Thank you. I appreciate some of the new disclosure. I'm wondering, just to help us compare, would it be possible to get adjusted EBIT historically, 2014 actuals, a 2015 guidance range? And I --

John Whelen - Enbridge Inc - EVP and CFO

Linda.

Linda Ezergailis - TD Securities - Analyst

Yes?

John Whelen - Enbridge Inc - EVP and CFO

Sorry, it's John, Linda. We will be doing that. We don't have it at this particular point, but it's something that we will be rolling out. And on a quarter-to-quarter basis, starting in Q1 2016, you'll start to see those comparisons, as well.

Linda Ezergailis - TD Securities - Analyst

Okay, thank you.

Al Monaco - Enbridge Inc - President and CEO

I think the plan is to provide an additional information pack that will include that, I guess, just shortly after the beginning of the year.

Linda Ezergailis - TD Securities - Analyst

And are you going to be discontinuing EPS disclosure on an adjusted basis or comparable basis?

John Whelen - Enbridge Inc - EVP and CFO

No, we won't, Linda, be discontinuing disclosure. We won't be guiding to EPS, going forward, but we certainly will be, on a consolidated basis, disclosing adjusted earnings and adjusted EPS.

Linda Ezergailis - TD Securities - Analyst

Okay. And just final question. Appreciate the current income tax guidance for 2016, on page 11. Can you give us any sense of, beyond 2016, how that might be trending?

John Whelen - Enbridge Inc - EVP and CFO

I think at this stage, probably not. I think that's not a bad estimate for the moment.

Linda Ezergailis - TD Securities - Analyst

Great. Thank you.



Operator

We have a question from Rob Hope from Macquarie.

Rob Hope - *Macquarie Research - Analyst*

Good morning, everyone. Thanks for taking my question. Just regarding your ex-Gretna volume outlook of 2.5 million barrels a day. I'm just wondering, is this assuming any potential for volume declines -- conventional volume light declines?

Guy Jarvis - *Enbridge Inc - President of Liquids Pipelines*

Yes, it's Guy. So when we look at our volume outlook right now, we're highly confident on the heavy side of the system, and we're, in fact, seeing that we can largely move any barrel of capacity we can make available. We're highly confident in what we're seeing coming out of North Dakota, both on our legacy system over into Clearbrook and on our BPEP system up into Cromer. So that's all looking good.

The one area that we are watching very closely is exactly the one you've raised, which is on the light side. So we've been watching that for a while. And already, we're working on mitigation plans that our system offers us, again, in terms of trying to find a way, if those lighter volumes are weak, to come up with a crude slate that would allow us to utilize some of the heavies and put it into one of the light lines, to beef up the volumes, if the lights happen to come in a little bit shorter.

Having said that, our outlook for December now that Line 9 is in service, and Southern Access is -- Southern Access Extension is on its way, is quite strong on light. So we're feeling very good about what we see here in December.

Al Monaco - *Enbridge Inc - President and CEO*

And I think that slide that we showed, that shows the Western Canadian outlook, that's a -- that does include the conventional. So I guess it's all baked in there, Rob.

Rob Hope - *Macquarie Research - Analyst*

All right. Thank you. And maybe just one follow-up. Regarding your comments on potentially partnering with pension funds or private equity partners, is there a particular part of the business that you're looking at this? I'm just wondering, specifically, could we see this as a potential funding mechanism for ENF?

John Whelen - *Enbridge Inc - EVP and CFO*

It could be a funding mechanism -- it's John again, Robert -- anywhere in our organization, potentially. We've got lots of great operating businesses, and lots of great assets, which are very attractive right now to pension funds and private equity investors. So it presents an alternative. Not the only alternative, by any means, but it does present another alternative for us, through which we can raise capital on what we think would be cost-effective terms.

Al Monaco - *Enbridge Inc - President and CEO*

I think it is widely applied, Rob. Because I think the real driver there is the nature of the underpinnings to the assets that we have, which, in a lot of cases, have long-term contracts behind them, which -- that's really what the alignment is between ourselves and the pension funds. So it could happen in various places.

Rob Hope - *Macquarie Research - Analyst*

All right. Thank you.

Operator

We have a question from Robert Kwan from RBC Capital Markets.

Robert Kwan - *RBC Capital Markets - Analyst*

Good morning. Just wondering, implicit in the guidance, what -- or inclusive in the guidance, what types of funding, just on the equity side, when you look at all products, what have you included in there? And then, just as you look forward, you've mentioned a lot of the different funding options. Are you able to order the attractiveness, as it sits today, in terms of what you probably would attack first?

John Whelen - *Enbridge Inc - EVP and CFO*

I think we will continue, as we always do, Robert, to look at all of those sources of funding, at the end of the day. We do have great access to public markets. We know, and re-confirmed all the time, that we have good access to other sources of structured financing and so on.

We don't like our share price where it is, particularly, right now. We think there's an awful lot more value in it than there is. But we're a pretty resilient Company, at the end of the day, in terms of how we can drive out growth.

So we'll continue to look at going to the most effective means. I don't think I'd put them in a specific pecking order right now, other than that we'll evaluate, and make the call at the time, as to what the best way to go is.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay. Maybe just more specifically, just with where the ENF share price is right now, does guidance embed ENF continuing to issue equity along the plan that you've set out? Or are you guys looking at something different?

John Whelen - *Enbridge Inc - EVP and CFO*

No, it -- our guidance assumes normal course funding according to plan. It doesn't mean we won't look at other things, but our guidance always embeds, probably, a conservative approach to how we raise the capital at the end of the day. So we're getting a -- what we think is a conservative estimate.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay. If I could just ask a higher-level question, as it relates to M&A -- and John, you mentioned you don't like where your share price is right now. I don't know how you guys feel, but it feels like you're not getting credit for the very strong growth rates that you've got, compared to the peers, and some of the risk things that you laid out earlier.

When you've looked at corporate M&A, or larger M&A, you've had the approach of wanting the near-term/immediate accretion and long-term accretion. Have those parameters changed? Or are you thinking about it, just with just some of the depressed share prices you're seeing in the US, the ability to maybe loosen up those parameters? If you can find something that maybe establishes a platform very accretive to the long-term growth rate, but maybe puts a little bit of pressure in the near term?



Al Monaco - *Enbridge Inc - President and CEO*

Well, it's a very good question, Robert, but it's obviously tough to be definitive about it. It will really depend. What I would say is, yes, we've always focused on accretion throughout. But at the end of the day, it is cash flow that's going to drive the business. And if we're doing our job properly, we're balancing out all of those things.

So I think your point is right. We're going to look at all of the aspects of potential mergers and acquisitions opportunities. Typically, we've been focused on organic growth. And so that's, let's call it an easier assessment than M&A.

But as we look at those opportunities out there, we'll take into account the strategic benefit that it does give us. So for example, we've talked about increasing our natural gas footprint. That would be one element in the long term we'd look at, whether or not it does that. Certainly, at the end of the day, is it going to be accretive or dilutive to growth at Enbridge? One issue that we've always had is that usually, when you put us together with some of the other parties out there that you would think of, it's not going to necessarily help our overall growth rate.

So that's another element that we look at. We'd look at whether or not the cash flow projections are going to drive out positive outcomes, relative to what we think our embedded hurdle rate is for our equity. So I think what you pointed out is right. The near term accretion is one element of it, and I think we'd look at everything in that list that I described.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay. I guess just historically -- and maybe I misunderstood the way you might have been looking historically. But the sense I had is that there really wasn't much of an appetite to take any material near-term dilution, even if it was better, over the medium- to longer-term. Just wondering if, directionally, that might have loosened up, as we look at the opportunities right now? And as well as the outlook, just given the energy prices?

Al Monaco - *Enbridge Inc - President and CEO*

It -- again, it will depend on what the opportunity is. I wouldn't say that, in the past, we just wouldn't have done anything that would have created near-term dilution. That's not our preference. But obviously, you can't just look at one metric. And so I would say, frankly, we've always looked at it that way. We'd prefer not to take near-term dilution, but we really -- and if we're doing our job right, we have to look at all of the factors, not just the one.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay, that's great. Thanks very much.

Operator

Our next question comes from Robert Catellier from GMP Securities.

Robert Catellier - *GMP Securities - Analyst*

You've touched on my questions here, but I just wanted a little bit more color on the possibility of private equity, and what assets and Enbridge entities that might be more appropriate for? It sounded like, in your previous responses, you've indicated that assets that are more suitable to pension funds might be the way to go. So that sounds like lower-risk assets. And I'm just wondering if there's any view to maybe using private equity for some of the US entities?

John Whelen - *Enbridge Inc - EVP and CFO*

I think, Robert, that we're looking at a number of different avenues, and it will all come down, at the end of the day, to cost of capital, and the overall effectiveness of the cost of capital, for the Enbridge Group. In terms of where in the organization, I think my answer earlier was, there's a number of different places we could use it. We could use it within the Fund. We can certainly use it with -- in Enbridge. We could potentially use it with -- in the Enbridge Energy Partners structure, as well.

So there's multiple applications. It really comes down to making sure that the structures make sense, at the end of the day, for Enbridge. We have a number of different ways we can go, in terms of financing this. So it really all comes down to a flexibility and cost of capital assessment for each area.

Robert Catellier - *GMP Securities - Analyst*

Okay. And my next question is just on the dividend growth rate. I kind of hate to even ask the question, because it's not material to the dividend, but maybe a little bit to perception. In the past, you smoothed the dividend growth rate to the middle of the range. And the 14% to 16% growth range, over the long term, is still intact.

But you've raised the dividend 14% this year, despite your obviously strong metrics, including your payout ratio. So recognizing it wouldn't have had a material impact on the 2016 dividend, given your metrics and your outlook, why would you not just have smoothed the dividend growth rate to the middle of the range?

John Whelen - *Enbridge Inc - EVP and CFO*

Quite frankly, I think it's just a matter of getting comfortable with where we were, in terms of total payout, the outlook and so on. I wouldn't read too much into that, quite frankly, Robert, in terms of where we are overall. We think, probably, that the dividend is probably in line with what our expectations are.

We do have a big growth capital program coming up, and some of that capital has shifted out a little bit over time. And so it's always good to save a little bit in the kitty. But at the end of the day, I don't think there's anything material that you can intuit from that increase, versus our longer-term guidance range.

Robert Catellier - *GMP Securities - Analyst*

No, I agree with you. I was just curious on the choice. Thank you.

John Whelen - *Enbridge Inc - EVP and CFO*

Okay.

Operator

We have a question from Ted Durbin from Goldman Sachs.

Ted Durbin - *Goldman Sachs - Analyst*

Good morning. Can you give us a little sense of what the actual capital budget is for 2016? I know you've got a lot coming in service in 2017, but only about CAD1.5 billion this year, so just the path of CapEx. And is it possible that's split between ENB, the Fund, and EEP?

John Whelen - *Enbridge Inc - EVP and CFO*

I can give it to you on a consolidated basis right off the top, Ted, and it's around CAD9 billion in aggregate. I think I'd have to get back to you on the exact split between the entities.

Ted Durbin - *Goldman Sachs - Analyst*

And what does that assume, in terms of permitting on some of the bigger projects?

John Whelen - *Enbridge Inc - EVP and CFO*

I don't know, Guy, you could maybe comment on that?

Guy Jarvis - *Enbridge Inc - President of Liquids Pipelines*

I think the assumption behind that would be the in-service dates that we've been including in our MD&A. So it would be -- there's no updates, since our Q3 MD&A, on any of those in-service dates.

Ted Durbin - *Goldman Sachs - Analyst*

Okay. Fair enough. And then just on Line 9, where are we on the flows there?

Guy Jarvis - *Enbridge Inc - President of Liquids Pipelines*

Well, Line 9, the line fill is under way. The pipeline is, quote-unquote, in operation. Due to the sensitive nature of what our customers are doing on the pipeline, we're not really going to say too much more than that, other than the customers now have the full ability to utilize their contracts as they choose to.

Ted Durbin - *Goldman Sachs - Analyst*

Okay. And then if I could just ask one more, a bit more philosophical question. A lot of coverage at the ENB level. But at the Fund level, where do you want to run coverage there?

John Whelen - *Enbridge Inc - EVP and CFO*

At the Fund level, Ted, we look to pay out over the longer term -- and I'm talking about the Fund assets themselves now -- around 90%, and we'll be light of that this year. So 1.1, 1.2 times would be the typical range of coverage at the Fund level, with its distributions up to Enbridge and its distributions up to ENF, the publicly traded vehicle.



Ted Durbin - *Goldman Sachs - Analyst*

Great. That's it for me. Thanks.

Al Monaco - *Enbridge Inc - President and CEO*

Thanks, Ted.

Operator

We have a question from Paul Lechem from CIBC.

Paul Lechem - *CIBC World Markets - Analyst*

Thank you. Good morning. On the ACFFO guidance for next year, the range in absolute dollars is about CAD0.5 billion range, from the bottom to the top end of the range. So I'm just wondering, what are the major swing factors that could move you around within that range?

John Whelen - *Enbridge Inc - EVP and CFO*

Paul, it's primarily, you've got some movement in throughput on the mainline, being one being one of the major factors that would swing things. A little bit of exposure on the FX side will swing things, as well, because we're not 100% hedged there. And of course, we do get a significant portion of our revenue and earnings in US dollars. And a very modest amount coming through on -- from commodity prices indirectly, through our interest in the Midcoast business down in the US.

And to some degree, the amount of arbitrage opportunities that we have available in the energy services business will fluctuate. It's not necessarily directly correlated with whether prices are going up or going down, more with what the location, quality differentials, and so on and so forth. So those are things that can, frankly, swing the numbers around a little bit, more than anything else.

Paul Lechem - *CIBC World Markets - Analyst*

Okay. Thanks. John, you alluded to a lower bench -- a residual benchmark toll in 2016. Can you give us an order of magnitude of how much lower it goes for Enbridge?

John Whelen - *Enbridge Inc - EVP and CFO*

It's down -- I can't really comment specifically on that. It is down a little bit. Some of that is transitory, just to be very clear, relates to catching up for movement in the Lakehead toll at the end of the day. So it's a bit of a -- there's an element of a short-term phenomena in that.

Paul Lechem - *CIBC World Markets - Analyst*

And would that be implemented on April 1? Or is that the July 1 update?

John Whelen - *Enbridge Inc - EVP and CFO*

It's April 1.

Paul Lechem - *CIBC World Markets - Analyst*

And lastly, on the maintenance CapEx guidance you gave, the CAD800 million to CAD850 million, you mentioned it was down, I think, from -- up from (inaudible)? Can you give us the 2015 numbers? And then also, can you give us the breakdown by segment? Where's the bulk of the maintenance CapEx spend by segment?

John Whelen - *Enbridge Inc - EVP and CFO*

Yes, I don't have the breakdown right here, on maintenance CapEx by segment. We can probably follow up with you on that, Paul. We have a little bit of a deferral of some of the 2015 program into 2016, which is affecting our overall estimates for the year. But it should come in within those broad guidelines. (multiple speakers) Yes, the bulk -- to Al's point here, the bulk is always going to be in the liquids business, given the relative size of the business.

Paul Lechem - *CIBC World Markets - Analyst*

Right. And what is 2015 targeted at?

John Whelen - *Enbridge Inc - EVP and CFO*

So 2015 or 2016, Paul? Sorry.

Paul Lechem - *CIBC World Markets - Analyst*

No, 2015, for the baseline.

John Whelen - *Enbridge Inc - EVP and CFO*

Yes, just a bit lower than was we expected.

Paul Lechem - *CIBC World Markets - Analyst*

And sorry, what was that expectation?

John Whelen - *Enbridge Inc - EVP and CFO*

The CAD800 million to CAD850 million.

Paul Lechem - *CIBC World Markets - Analyst*

Okay. I'll follow up. Thank you.

Operator

We have a question from Andrew Kuske from Credit Suisse.

Andrew Kuske - *Credit Suisse - Analyst*

I guess the question is for John, to start off with. And you're halfway through your consolidated liquidity, as far as your lines go, at this stage. And obviously, you've got CAD9 billion available. But how do you think about your debt funding schedule, just coming up and hitting the market? And size, tenure, all of those things, if you could?

John Whelen - *Enbridge Inc - EVP and CFO*

We have issuance to do across -- as you know, we issue out of multiple different vehicles, and we have issuance to do across the board. We'll look at the liquid tenors primarily, Andrew, which we would do. That's where the biggest appetite is.

I think -- we were just discussing this yesterday with our Board -- I think it's a pretty manageable plan, at the end of the day, given appetite we see for our debt capital across the Group. So [five tens longs] will be the primary place that we will raise debt capital, and we'll be doing so when market windows are attractive throughout the year. Again, looking at public markets, but also looking at private markets if we would need to.

Andrew Kuske - *Credit Suisse - Analyst*

So more of the same, from what you've done in the past?

John Whelen - *Enbridge Inc - EVP and CFO*

Yes. Again, we'll look at other ways to crack the nut. We always do that, as well. But there will be lots of -- there will be a variety of different markets that we'll look to tap through that period.

Andrew Kuske - *Credit Suisse - Analyst*

Okay. That's helpful. And then maybe just a broader question, on carbon. And obviously, with what's happening in Paris, and what happened in Alberta last week, obviously, climate is a hugely topical issue. How do any of the proposals, whether out of Alberta specifically, or potentially things coming out of the Federal Government following Paris, affect your guidance? Or affect your expectations for carbon taxes, or any kind of impact in your numbers? Is that in, at this stage? Or not yet?

Al Monaco - *Enbridge Inc - President and CEO*

I guess the answer, Andrew, is that it's in. But the reality is, just based on where the caps are that were announced for oil sands production and so forth, there's really not going to be any impact through our guidance period, the way we see it. So that's on the volume side. And so overall, I would say there's not going to be any impact to us in this near term.

Andrew Kuske - *Credit Suisse - Analyst*

Okay. Great. Thank you.

Operator

At this time, we would like to invite members of the media to join the queue for questions.



(Operator Instructions)

Our last analyst question comes from Steven Paget from FirstEnergy Capital.

Steven Paget - *FirstEnergy Capital - Analyst*

Good morning, and thank you. You've put CAD8 billion of CAD25 billion secured into service, and that leaves CAD13 billion. Plus, you've got another CAD13 billion unsecured. So could you please comment on the nature of that CAD13 billion in unsecured projects, as these would double your capital needs over the next three years?

Al Monaco - *Enbridge Inc - President and CEO*

Let me handle the first part, Steven. That CAD13 billion is -- first of all, it's a risked amount of capital. That means that there's a number of projects that we probability weight, I guess you'd say, that come down to the CAD13 billion that we estimate.

And we do that so that, from a funding perspective, we're planning to succeed on that number of projects. They cover the gamut, across all of our enterprises. Probably in the past, that would have been more weighted to liquids pipelines. You're probably seeing a balance, these days, throughout all of the business units within that CAD13 billion. So that's how we look at that bucket.

Steven Paget - *FirstEnergy Capital - Analyst*

Thank you. My second question is for John. Will we be seeing the waterfall funding table again?

John Whelen - *Enbridge Inc - EVP and CFO*

I think we'll periodically introduce the waterfall funding table, as we look to update our financing progress. As you know, that's a long-term outlook across multiple vehicles and entities. So I'm not sure it will be a regular feature of every quarterly call, but it is something that we will update on periodically, to give you a feel for both the kind of progress we're making, but also the capacity that we have to raise capital throughout the Group. So it's not disappearing, but we won't necessarily see it every quarter.

Steven Paget - *FirstEnergy Capital - Analyst*

That's good news. Thank you.

John Whelen - *Enbridge Inc - EVP and CFO*

And maybe just a quick follow-up for the question that came in earlier, I think it was from Paul, on maintenance capital. Probably think CAD700 million to CAD750 million for 2015, somewhat lower than our run rate, if you will, for the reasons we said before.

Operator

We have a question from Ashok Dutta from Platts.



Ashok Dutta - *Platts - Media*

Hi. Good morning. I have two questions, actually. Mainline volumes, nominations for -- sorry, for December, how does that look, please?

Guy Jarvis - *Enbridge Inc - President of Liquids Pipelines*

Mainline volume nominations are very strong. If -- assuming everything hangs together, in terms of the supply making its way into the pipe, and our downstream customers running well, we'll be achieving a new record throughput in December.

Ashok Dutta - *Platts - Media*

Great. And the next question that I had is, what, [while] the likely implications of this tanker ban that's being talked about, would you -- how do you see it? Is there any chance of you considering some other place rather than Kitimat?

Al Monaco - *Enbridge Inc - President and CEO*

Okay, it's Al. I think it's pretty early to speculate on what's going to happen there. I think the new Federal Government has been in office for about a month, I guess.

One thing I would say is that we've heard the Prime Minister and the Minister of Natural Resources indicate their openness to listen. They've talked about the importance of Canada securing markets.

So all we can say at this point is, we're looking forward to engaging with the Federal staff on this. And -- in the meantime, though, we're going to still focus on what we've been doing since we got the approval for the project, or the certificate at least. Which is to focus continued discussions on first nations consultation.

And as a reminder, we also have 28 Aboriginal Equity Partners that are keen to invest in the project alongside us. So we'll be working with them, as well, to continue to discuss the project. And hopefully, we'll have some good discussions with all levels of government.

Ashok Dutta - *Platts - Media*

Thank you, Al.

Operator

And our last media question comes from the line of Lauren Krugel from The Canadian Press.

Lauren Krugel - *The Canadian Press - Media*

Hello there. Another Gateway question. I'm just wondering how long you think it will be before Enbridge is able to decide, one way or the other, whether to actually go ahead? And what factors you'll be looking for, aside from the Aboriginal consultation, before you're ready to make that FID?

Al Monaco - *Enbridge Inc - President and CEO*

We're not going to be specific on timing. And the reason for that, Lauren, is in this environment, and certainly the way we're looking at the business today, we want to make sure that we're taking the time we need. Not just with first nations, as you point out, but with governments, particularly in BC, and communities. So we're in the mode of making sure that people understand the project. I think that's the main driver.

As Guy will tell you, the production profile of the basin, under current commodity prices, is obviously a little bit lower than it has been in the past. So we feel pretty good about our mainline capability, and serving the needs of customers in the next little while here. So in a way, the timing isn't too concerning to us. We continue to work on the things we need to, as far as communities, first nations and governments.

Lauren Krugel - *The Canadian Press - Media*

Is it something that might be feasible in 2016, do you think? Or are you thinking past that point?

Al Monaco - *Enbridge Inc - President and CEO*

You're referring to, with respect to concluding on whether there's a need? Or are you talking about making a final investment decision?

Lauren Krugel - *The Canadian Press - Media*

An FID on Gateway.

Al Monaco - *Enbridge Inc - President and CEO*

Okay, that's possible. I would say, at this point, it's probably going to be in the latter half of 2016, if I had to make a guess.

Lauren Krugel - *The Canadian Press - Media*

Okay. Thank you.

Al Monaco - *Enbridge Inc - President and CEO*

Okay.

Operator

As there are no further questions, I would like to turn the call back over to Adam McKnight for any closing remarks.

Adam McKnight - *Enbridge Inc - Director of IR*

Thank you, Hilda. We have nothing further to add at this time. But I'd like to remind you that the Investor Relations team will be available for any follow-up questions that you might have. And once again, thanks for joining us this morning, and have a good day.

Operator

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



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