FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Enbridge Inc. 2008 year-end financial results conference call. I would now like to turn the meeting over to Mr. Vern Yu. You may proceed, sir.

Vern Yu - *Enbridge - VP, IR & Enterprise Risk*

Thank you. Good morning and welcome to Enbridge Inc.'s 2008 year-end earnings call. With me this morning are Pat Daniel, President and Chief Executive Officer; Richard Bird, Executive Vice President, Chief Financial Officer and Corporate Development, and Colin Gruending, Vice President and Controller.

Before we begin, I should advise you that during this conference call we may refer to certain information that constitutes forward-looking information. Please take note of the legally required forward-looking information disclaimer and our slides which generally state that you should not place undue reliance on the statements about the future since we necessarily applied certain assumptions to reach these conclusions about future outcomes, and future outcomes are always subject to risks and uncertainties affecting our business, including regulatory parameters, weather, economic conditions, exchange rates, interest rates and commodity prices. A more fulsome discussion of these risks and uncertainties is included in our security disclosure filings, which are publicly available both on the SEDAR and EDGAR systems. The call is a webcast, and I encourage those people listening by phone to view the supporting slides, which are available on our website at www.enbridge.com\investor. A replay of the call will be available later today, and a transcript will be posted to our website shortly thereafter.

As a Q&A format, this call will be the same as we have been using lately. The initial Q&A will be restricted to the analyst community, and once that is completed, we invite questions from the media. And I would like to remind you that both Pat, Murray and I will be available after this call for any detailed follow-up questions you may have.

So at this point, I would like to turn the call over to Pat Daniel.

Pat Daniel - *Enbridge - President & CEO*

Very good. Thank you and good morning, everyone (technical difficulty)--. We were interrupted there, so I think I will start -- I'm not sure whether everyone on the other end got this, but again, good morning. Thanks for joining us. This is the review of our fourth-quarter and our year-end results, and as I was saying, we are in the very fortunate position at Enbridge of announcing robust earnings for 2008 and for the fourth quarter of 2008.

As detailed in our news release this morning, we recorded year-to-date adjusted earnings of CAD677 million, and that is an increase of 6% over last year. Adjusted earnings for the fourth quarter were CAD203 million, which is comparable to the fourth quarter of 2007.

I think most notably we have achieved these results at a time when both financial and commodity markets were in freefall. The challenges faced by the global economy are absolutely unprecedented and while we at Enbridge are proud of our results and our continuing ability to deliver value to our shareholders, we are mindful and respectful of the impact of current economic conditions on our customers, our business partners on the communities in which we do business.

Richard is going to give you a more detailed look in a moment at the financial results. The increase in earnings for 2008 is primarily due to the continuing progress that we have made on our slate of commercially secured liquids pipeline projects. In 2008 we completed the Waupisoo Pipeline ahead of schedule and on budget. We continued construction in Southern Access and begin construction in Canada on Alberta Clipper and Southern Lights projects.

We also had a successful first year of incentive regulation at Enbridge cast distribution.

So we ended the year at CAD1.88 per share adjusted, which was close to the midpoint of our upwardly revised 2008 guidance. On the strength of these earnings and our future outlook, we were able in December of 2008 to announce a 12% increase in our dividends, and we do remain very well-positioned to deliver the 20% increase in earnings in 2009 that we discussed on our recent guidance call.

Even with the turmoil in the markets, we are still confident that Enbridge is on track for 10% plus five-year EPS growth as we continue to bring our Liquids Pipelines growth projects into service. And, of course, with 2008 behind us, we are now into the steeper part of that growth curve over the remaining four years through 2012, and as I have said before, we really now are moving into the sweet spot for our investors.

Beyond 2012 it is now clear that a slowdown in upstream oilsands development activity will delay a portion of our longer-term Liquids Pipelines growth projects. However, shippers are continuing to express interest in a number of projects required by 2012 and 2013 to support selected oilsands projects which are still on track. Ultimately we expect the crude oil prices and oilsands costs will re-establish an equilibrium, which will support steady and sustained growth well beyond 2012, though at a more modest pace than what we have seen in the past.

Strong customer relations have always been a priority for Enbridge and a key ingredient in the long-term success of the Company. So to sustain these relationships, we will need to be responsive to the impact of the current environment and anticipated supply, demand and pricing dynamics. With our existing regional and mainline infrastructure, we have the ability to offer shippers a range of creative and flexible options to meet their transportation needs. In fact, it is really in this environment where being the low-cost crude oil transporter and one of the lowest cost gas distribution companies in North America that Enbridge really shines.

I would also like to spend a minute on the topic of productivity improvement. Realignment of the oil and gas industry cost structure is a critical requirement in the current commodity price environment, and we are part of the cost structure for our customers. We are embarking on a major initiative to reduce the cost of our services to our customers across all aspects of our energy delivery business. We have a long track record of successfully managing our costs, improving our productivity and sharing the savings with our customers, and this has become an even more important success factor for Enbridge right now.

Turning back to our growth prospects, we see the pendulum of opportunities swinging back toward natural gas, and this will play a role in offsetting the anticipated slowdown in Liquids Pipelines growth projects post 2012. The strategic location of our existing assets in Texas, our interest in the Alliance Pipeline really helped position Enbridge to capture a number of organic growth opportunities driven by shale gas development onshore and by continuing development of the US Rockies gas. We're very encouraged by the strong progress being made on the Rockies Alliance Pipeline, and we have the financial strength to be a valued partner in many of these developments.

At the same time, our ownership interest in the number of offshore pipeline systems placed us well to benefit from new production in the deepwater offshore in the Gulf of Mexico. These new projects would be more in line with Enbridge investment pieces than prior Gulf investments have been. They will be structured in a way that will include the minimum return guaranteed through take-or-pay type arrangements with the normal life of base and agreements being attached to them thereafter. And this would help to better align the offshore assets with the overall Enbridge investment portfolio.

So to conclude before I turn it over to Richard, while the composition of our post-2012 growth is shifting in response to the business environment, we still expect to achieve solid long-term growth rates while preserving the safety and income components of this tried-and-true investment value proposition.

So with that, I will now ask Richard to review the financial details of 2008 and also update our financing plans and their earnings growth going forward. Richard?

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

Okay. Thank you, Pat. Good morning, everybody. So I will start off with the 2008 results, and as announced this morning, our reported net income for the fourth quarter was CAD263 million compared with CAD249 million in 2007. Adjusting for nonoperating items, fourth-quarter earnings were CAD203 million or CAD0.55 per share, which are comparable to the prior year. Full-year adjusted earnings increased from CAD637 million in 2007 to CAD677 million in 2008, which represents an increase of approximately 6%.

As Pat stated, 2008 is really the calm before the storm when it comes to EPS growth as we expect to deliver about a 20% growth rate for 2009. As we expected, the damage on our systems and upstream platforms from the Hurricanes Ike and Gustav had a drag on Q4 results.

I should also note that the unprecedented fall in commodity prices during the quarter was a real-life stress test of our earnings at risk metric. Our strict measurement and management of market prices -- market price risk, ensured that our Q4 earnings were not impacted overly by this commodity price volatility.

I will now take you through a quick summary of each operating segment highlighting the major factors. Liquids Pipelines continued its strong performance in the fourth quarter. As has been the story all year, increased earnings were a result of AEDC being accrued for Southern Lights and within the Enbridge system the Alberta Clipper and Southern Access expansions.

The Enbridge system also performed better on the annual performance metrics under the ITS earning approximately CAD15 million in 2008 versus CAD11 million in 2007 as the bonuses under those metrics.

Lastly of notice is a strong performance from the Athabasca system, which includes the Waupisoo Pipeline, which as Pat mentioned, was placed into service in the second quarter of 2008.

As I noted earlier, the gas pipeline segment was negatively impacted by the effects of the hurricanes. Offshore results were reduced by CAD7 million in the fourth quarter, which brought us to CAD11 million for the full year as a result of repair cost and lost revenue from those hurricanes.

Insurance proceeds are currently being sought and are not reflected in those numbers. They will probably not materialize until the second or third quarter of next year -- of this year, 2009.

Within sponsored investments, Enbridge Energy Partners continued its strong performance with an increase in adjusted earnings of over 35% in the fourth quarter and over 25% on a year-over-year basis. The year-over-year increases were a result of increased performance within the Liquids Pipeline segment of EEP and higher Group incentive earnings as a result of the distribution increase announced earlier in 2008.

Enbridge also benefited from our increased ownership percentage. As you will recall on December 4, Enbridge injected $500 million into EEP, increasing our stake to 27%. And, of course, that effect will kick in more significantly as we move into 2009.

Earnings within Enbridge Income Fund were comparable in the quarter and increased year-over-year due to increased preferred distributions and incentive income as a result of the 2008 distribution increases made by the fund. Earnings were further enhanced by the improved performance from the Saskatchewan system as a result of the expansion placed into service in the second quarter of 2008. The Fund's contributions should continue to increase as a result of the 12% increase in the monthly distribution rate announced for 2009.

Gas distribution and services earnings also improved in 2008. EGD's results reflect early success during the first year of incentive regulation, although the quarter was down from the prior year due to EGD accruing for sharing with the ratepayers as provided for in the incentive regulation agreement.

Within this first year, EGD was able to achieve about 50 basis points of improvement and return on equity relative to the regulated rate. That is about halfway to our target of 100 to 150 basis points, which we expect to reach at least the lower end of this year in 2009.

Gas distribution and services earnings were also improved as a result of higher earnings from Aux Sable, which we had locked in through our risk management process. So even during months of lower fractionation spreads, we were able to capitalize on positive hedging results. And, as we mentioned on the 2009 guidance call, we have already locked in the 2008 level for 2009 on Aux Sable with the potential for further upside if frac spreads rebound to some degree.

Energy services reversed its performance from the third quarter and had a strong end to the year as a result of increased volumes and margins on storage and transportation contracts. International results, of course, continue to reflect the sale of CLH in the second quarter of 2008.

And lastly, corporate costs were comparable on a year-over-year basis but higher in the fourth quarter. That was due to a variety of smaller items, including increased interest expense and higher staff costs. In the full year, that was offset by decreased interest expenses as a result of the proceeds received from the sale of CLH.

I will now move on to provide an update of our financing outlook. Our spending in 2008 came in as expected, and our 2009 capital expenditure program remains unchanged from the update that we had provided during the earnings guidance call back in December.

The balance of the five-year capital expenditure forecast also remains relatively unchanged. This leaves the funding waterfall in the same position with about CAD600 million of additional equity required to fund our commercially secured capital investment opportunities over the next five years, of which about CAD200 million falls into this year.

Something that has changed a bit is our liquidity position. Until recently we had been carrying total bank credit facilities of CAD6.2 billion with a little under CAD3 billion unutilized and available to bridge our capital expenditure program through to attractive capital market issuance opportunities. That amount of liquidity is adequate to accommodate our commercially secured capital program; however, to provide increased flexibility to take advantage of new opportunities, we recently bolstered our committed facilities with an additional CAD475 million, 364-day extendable facility with a one-year termout.

Our total bank facilities now stand at CAD6.7 billion, and we have CAD3.3 billion of available liquidity on these lines. Our total funding requirement for 2009 or at least for the balance of the year is only CAD2.7 billion, and this takes into consideration the remaining 2009 capital expenditures plus debt maturities net against our funds from operations.

So we continue to have more than we need in terms of liquidity, but in this environment too much is significantly better than not enough and does leave us with the flexibility to pursue additional opportunities over and above those that we have commercially secured.

We will, however, remain on the lookout for additional favorable equity capital sources, and I do emphasize favorable, as there is no immediate need to do anything. This will ensure that we have even further additional capacity and flexibility to take advantage of potential investment opportunities that Pat discussed earlier. We will still consider any of the three alternatives of asset sales, asset monetizations and/or an equity issuance if a favorable funding opportunity emerges on any of these fronts to secure a little further equity capitalization.

Back to you, Pat.

Pat Daniel - *Enbridge - President & CEO*

Very good. Thanks, Richard, and let me maybe just very quickly wrap up some of the key takeaways from this call.

First of all, 2008 was another good year for Enbridge, not only from the perspective of our financial results but also from a project management and execution point of view. The recent market fluctuations have also proven out the safety attribute of our investment thesis and adds comfort to the 12% dividend increase that we announced back in December. Our 10% plus earnings per share average annual growth rate through 2012 is still looking very good, and we see good potential to maintain our growth thereafter, albeit with some shift in the composition of that growth possibly.

We remain very focused on working closely with our shippers and ensuring that we're responsive to their needs and flexible and creative in the solutions that we come up with.

In tandem, we're moving into a period of even greater focus on productivity management to ensure we maintain those win-win relationships that we have always been known for with our customer base. And finally, all-in-all Enbridge offers an investment proposition, which combines safety, income and unparalleled growth even in extremely difficult financial and business markets.

That concludes our update today, and I think we can now move onto the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Robert Kwan, RBC Capital Markets.

Robert Kwan - *RBC Capital Markets - Analyst*

You spent a lot of time talking about your customer relationships. I am wondering if you could touch on a couple of things related to that, one being have there been any approaches from Cap or just general shippers about slowing down construction on something like Alberta Clipper?

And then secondly, have there been -- have you made any progress with respect to the upcoming expiry of the ITS?

Pat Daniel - *Enbridge - President & CEO*

The answer to both of those questions is yes. We have talked about potentially slowing down Alberta Clipper, but for some very good reasons I'm going to give in a moment, we don't intend to do that.

The reason for these approaches, of course, is because of the slowdown in upstream and producers not wanting to be overpiped out of the Western Canadian sedimentary basin. However, we are well along in Alberta Clipper, and it would be (inaudible) to stop construction at this point, recognizing that Alberta Clipper will be used when it is put in place because of the very strong power efficiencies associated with the new pipelines.

So getting it in place and reducing power costs is important to our customers. So we and they have agreed that the pipeline will continue on schedule.

With regard to ITS, we are just in the early stages of starting to discuss the renewal of the incentive tolling agreement. I'm sure as you can appreciate with everything going on in the industry right now, it is hard for the upstream in particular to find the time to get started on that initiative. But we have had some initial discussions on it, and the objective being, and as a matter of fact, I discussed this directly with Cap last week, the objective being the same that it has been in the past, we do not want to be in hearing rooms on a regular basis. We want to work constructively to make sure both sides benefit from the new ITS.

Robert Kwan - *RBC Capital Markets - Analyst*

Perfect. Is there an early indication on ITS? I know previously there was the thought that there was going to be some downward pressure with the current environment. Do you think that might be the case?

Pat Daniel - *Enbridge - President & CEO*

I would not say that. I think that we've got such a good strong track record of deals that provide win-win that that is more likely the theme going forward than any downward pressure theme. As long as we can continue to produce as much benefit for our customers in terms of cost savings and improved quality metrics, which I think may actually be even more important to them going forward, that that will be more likely the controlling factor in ITS renegotiation.

Operator

Carl Kirst, BMO Capital Markets.

Carl Kirst - *BMO Capital Markets - Analyst*

Clearly there is a need for another pipeline out of the Rocky Mountains, and Rockies Alliance could very well fit that bill. It looks like near-term, however, that open season has sort of been kind of delayed until market conditions will allow it to go forward. Until such time as we rebalance the US gas market, are you seeing other opportunities to participate in large diameter pipes whether it is rupee, whether it is something in the midcontinent? And as you shift your sights longer-term to US gas, maybe away from the oilsands, should we be thinking of this in context of an ENB or an EEP?

Pat Daniel - *Enbridge - President & CEO*

Okay. Multiple questions there, and if I did not get every part of it, make sure -- (multiple speakers) at the end. But, first of all, yes, we are seeing strong interest in Rockies Alliance. But you're absolutely right. In today's low price scenario for natural gas, it is a challenging time for gas producers to make long-term commitments, particularly with the net-backs the way they are in the Rockies. Although it is one of those you know do you drain the swamp or let the alligators keep biting away. We do need to get additional pipe capacity out of the Rockies to be able to improve that basis differential. But due to the environment that we're in, it is a little difficult to get people to participate.

We continue to work. We think that the right place to get to is Chicago and feel we have got a very attractive proposal there.

The second part of your question, generally speaking Enbridge is considered as a very favorable partner right now because of the strength of our balance sheet and the relatively strong position that we are in compared to our peer group. So we think we're going to have an opportunity to participate in projects that we would not otherwise have where it might be us or the competition, and we think there may be some opportunities for us to work with the competition because of the strength of our balance sheet.

And I guess the third part of the question if I got all three parts correctly, I think we will have to assess project by project whether it would be at the corporate Enbridge level or whether it would be at the MLP level. If it is a gas gathering and processing development in association with the shale play, it would tend to be in the partnership. If it is major interstate transportation, it would be more likely to be at the Enbridge level.

Carl Kirst - *BMO Capital Markets - Analyst*

Appreciate the color. Thank you.

Operator

Andrew Kuske, Credit Suisse.

Andrew Kuske - *Credit Suisse - Analyst*

With the moderation in oilsands growth post-2012 and your statements to that effect in the press release, do you see this as a potential on the natural gas side to be involved in a bigger, broader restructuring of EEP? Just given where their pipes are predominantly located, they are very well exposed to a couple of the emerging shale plays. But does that motivate you to do something bigger, broader and bolder with EEP?

Pat Daniel - *Enbridge - President & CEO*

Andrew, it could. But I think it is fair to say at this point, our main objective is to evaluate the fundamentals in some detail around the gas business and the shale plays and what that will lead to in light of what has become another gas bubble in terms of North American supply and how that will play out, where the demand for that is going to be and most likely in gas-fired power generation, and how we then provide the infrastructure for it.

So we are working very hard at that fundamental level right now rather than kind of at a restructuring level for EEP. As you know, we have looked at a number of different alternatives, think that we're pretty well educated on that subject, and we will come up with the right structure to meet their future needs.

Andrew Kuske - *Credit Suisse - Analyst*

And then in the context of just your views on the gas markets, how do you see the offshore pipelines fitting into that? Those assets, since you bought them, they have not delivered really all that great financial results for you. And yes, you have been troubled with a couple of hurricanes that have rolled through and some severe hurricanes, and that has pushed out activity. But just what is your view on how the offshore pipelines fit into the Enbridge family?

Pat Daniel - *Enbridge - President & CEO*

Well, as I mentioned in my remarks, in some ways the financial model around the offshore pipelines probably falls a little on the outer edge of the Enbridge investment proposition because we carry a little more risk than we normally would primarily reserves dedication risk rather than throughput commitment risk, and as we expand and grow in the Gulf and as you know, we are the best positioned of all companies to do that because of our infrastructure, we will try to move more towards take-or-pay commitments that bring kind of a base level of return that we're happy with and then some upside if we see better volume. So we are going to try to kind of tighten the model up a little bit and at the same time work very closely with the customers that have got some pretty exciting developments underway there.

Operator

Petro Panarites, CIBC World Markets.

Petro Panarites - *CIBC World Markets - Analyst*

Just a question on your Wave 2 projects, if in the best case we would have seen those projects at the sort of CAD17 billion magnitude completed over a five-year period, what would you say is the proper time period post-2012 to be looking at now? And also, what is the magnitude, and how has that magnitude changed now?

Pat Daniel - *Enbridge - President & CEO*

That is going to be probably a little early for us to quantify that for you. We, of course, are listening and working very intently with our upstream customers, many of whom have talked about as much as a year to year and a half to two year delay in their project. However, we expect some projects will continue to go and might actually even accelerate a little bit. So we may find that in that Wave 2 some of the early on projects continue on, and then those that were a little bit later out get pushed back a year or two. But I think we're going to need a little longer time to assess that as we determine just kind of where commodity prices are going and how quickly the cost structure is reacting here in Western Canada.

Petro Panarites - *CIBC World Markets - Analyst*

And just a follow-up, you have indicated more opportunities on the gas side post-2012. I meant do you see yourself introducing at some point some kind of number and a revised Wave 2 project outlook that includes some relatively larger magnitude in gas projects?

Pat Daniel - *Enbridge - President & CEO*

Yes, well, I think it is fair to say that we will see some delay and pushout beyond that what then would be the 10 years of our long-range plan on some of the oil projects and some gas projects to fill it in. So the answer to your question would be yes, we would.

Petro Panarites - *CIBC World Markets - Analyst*

But no care to quantify that?

Pat Daniel - *Enbridge - President & CEO*

A little early to do that at this point, but we have mentioned two or three of the very exciting gas opportunities that already have emerged -- you know, the Rockies Alliance project, the potential to tie in some of the new deepwater Gulf, and then some of the activities around the shale plays. So we are very active already on the gas side in developing alternate opportunities.

Operator

Matthew Akman, Macquarie.

Matthew Akman - *Macquarie - Analyst*

Pat, TransCanada seems adamant about building Keystone to the Gulf Coast, and I would like your most recent thoughts on whether that makes sense, and if it does go ahead in this timeframe and what you're saying is that Alberta Clipper also goes full steam ahead, what are the potential impacts on Enbridge, or how do you see that affecting your business if it comes to pass?

Pat Daniel - *Enbridge - President & CEO*

Well, all I can go by is what I read with regard to Keystone, and the indications are that that project is going to get built and come onstream, Matthew. So we have, of course, looked at it to determine what the impact will be, and to tell you the truth bottom-line financially there is no impact on Enbridge at all as a result of the nature of the agreements that we have got in place. I think it will be up to the industry to determine just how much capacity they want and where they go in terms of growth going forward beyond that.

We are in the process right now of reforecasting -- as you know, right about this time of year, we come out with a forecast for producability out of Western Canada. Cap did to a reforecast in December, but I think even now its members are feeling that that forecast may have been a little bit aggressive. So we will get a better feel for what the total ex-Alberta capacity is going to be over the next month or so. But in terms of bottom-line impact on Enbridge, Keystone does not have any impact on us.

Matthew Akman - *Macquarie - Analyst*

Okay. Thanks for that answer. When you talk about acquisitions, do you think about Canada at all anymore? There is obviously a fair bit of disarray in the income fund area given the taxation in 2011, and a lot of the income fund valuations have come off a lot both in midstream and pipeline. Is that an area that would at all attract interest I mean valuation aside just from a business strategy perspective?

Pat Daniel - *Enbridge - President & CEO*

Well, we are always reluctant to talk about anything very specific on the acquisition front for reasons that you know well. I will say that we are very, very well-positioned relatively speaking with the value of our currency, with the balance sheet and the strategic positioning that we have got with the liquidity that Richard mentioned to be very selective in what we do and to ensure that anything we do is accretive to shareholders and beneficial strategically. So that is really about all I can say at this point.

Matthew Akman - *Macquarie - Analyst*

Okay. Sorry, can I sneak in one little detailed question for Richard, which is on slide 10. On your CapEx forecast, why is the CapEx projection for 2011 come up so much relative to prior? What is the specific project that has boosted the 2011 CapEx forecast?

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

That is just a shift, Matthew, in Fort Hills being pushed out by the year.

Matthew Akman - *Macquarie - Analyst*

Okay. So that is Fort Hills?

Pat Daniel - *Enbridge - President & CEO*

Yes. That reflects a one-year delay in Fort Hills, so it moves out from 2010 to 2011.

Operator

Linda Ezergailis, TD Newcrest.

Linda Ezergailis - *TD Newcrest - Analyst*

Can you give us a sense of how much of the earnings in the Enbridge system were for AEDC for Clipper and for AEDC Southern Access expansion?

Pat Daniel - *Enbridge - President & CEO*

I'm just having Colin look that up.

Colin Gruending - *Enbridge - VP & Controller*

Yes, I think the total, as you know, is disclosed there, I think is CAD7.6 million for the quarter.

Linda Ezergailis - *TD Newcrest - Analyst*

I'm sorry, that is CAD7.6 million for both?

Colin Gruending - *Enbridge - VP & Controller*

I think the total system is CAD7.6 million for the quarter, and to decompose that into parts of Clipper 4.9, Southern Access none because it is in service earlier in the year -- this is for the quarter obviously -- and then line four roughly CAD2 million, and then some other minor less than CAD1 million on NRAs.

Linda Ezergailis - *TD Newcrest - Analyst*

Okay. And just as a comment, the system earnings are about a third of your earnings for the quarter, but it is about one line out of 20. So it would be appreciated in future may be if there would be an opportunity to increase the granularity on that, that would be helpful from a modeling perspective.

And then I guess another detailed follow-up question on the system. Of the CAD15 million ITS bonus in the quarter, would it be possible perhaps to break that down between the different component of your performance under the different metrics?

Pat Daniel - *Enbridge - President & CEO*

In terms of the cost and quality performance metrics?

Linda Ezergailis - *TD Newcrest - Analyst*

Yes.

Colin Gruending - *Enbridge - VP & Controller*

I can give you that off-line.

Linda Ezergailis - *TD Newcrest - Analyst*

Okay. Thank you. And just as a follow-up back to Clipper, what is the update on the USA regulatory front if any?

Pat Daniel - *Enbridge - President & CEO*

We have made good very good progress. This is with regard to the presidential permit that you are asking?

Linda Ezergailis - *TD Newcrest - Analyst*

Yes, any update?

Pat Daniel - *Enbridge - President & CEO*

We have made very good progress, and we expect to have that approval shortly.

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

Maybe just to follow up on the bonus question. I think that 15 is almost all exclusively quality bonus. That does not include costs because it is measured separately, and throughput levels have not been high enough I don't think to generate any of the capacity bonuses. So if it is different from that, we will get back to you, but I think it is almost all quality.

Operator

Sam Kanes, Scotia Capital.

Sam Kanes - *Scotia Capital - Analyst*

Respecting you have a great deal still to do by 2012 and then perhaps risk of drop-off at that point, I'm just curious if anything has come up on your plate longer-term with respect to transmission interest, smart grid, gas distribution merging with power distribution, that kind of angle, or is it just simply not on your radar screen yet?

Pat Daniel - *Enbridge - President & CEO*

Really nothing substantial in those areas. We do have some work that we're doing to the distribution utility on electric metering. But nothing substantial in terms of growth potential there.

And by the way, you speak to the risk of drop-off, don't forget that if you take look at where Enbridge is as we move out toward this 2011 and 2012 timeframe, we are sitting in a very strong position with over CAD1 billion a year of free cash flow as a result of the projects that are coming onstream and an excellent position geographically to take advantage of all kinds of opportunities. But nothing in particular in the areas that you are asking about now.

Sam Kanes - *Scotia Capital - Analyst*

You have not mentioned frontier gas for awhile. Is there any dimension with frontier gas at this stage, McKenzie in Alaska of any consequence to Enbridge?

Pat Daniel - *Enbridge - President & CEO*

No, not really. I think you would have to agree that the economics of those projects will be challenged as long as we have got a significant gas bubble in terms of oversupply and under demand in the lower 48. And hence, it will be hard to make the economics work. Also, a fairly significant what I would call worldwide LNG overhang, kind of sitting in behind it is likely more favorably priced gas. So it is hard to imagine that gas being economically viable in the near-term.

Sam Kanes - *Scotia Capital - Analyst*

Thank you. Perhaps sneaking in one last follow-up, your fuel cell development and you mentioned a little more focus on alternative energy. You finished that windfarm, the second largest in Canada, anything else within that particular area, biomass renewables, that makes some sense in EGD or elsewhere within your network?

Pat Daniel - *Enbridge - President & CEO*

Yes, there are areas that we are looking at in addition to those two, which have been very successful for us as potentially solar, and there are a few opportunities that our Pathfinders Group has been looking at. That is the same group that got us into the fuel cell and wind business, and we think there may be some opportunities to do economic solar projects, and we're in the process of evaluating that right now. It is too early to guesstimate size or scope of the (inaudible).

Operator

Carl Kirst, BMO Capital Markets.

Carl Kirst - *BMO Capital Markets - Analyst*

Yes, just a quick clarification on Aux Sable for Richard. Recognizing the difficulty of hedging long-term with liquids, are there any hedges bilateral or otherwise that are in place that extend through 2010, or do they all end in 2009?

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

No, we are only out as far as 2009 at present.

Carl Kirst - *BMO Capital Markets - Analyst*

Okay. And is it possible to say recognizing that we back out the mark-to-market component, if we were to be looking at say, for instance, if the hedges were not in place, if any of the hedges whether cash flow or mark-to-market, what the current earnings power of Aux Sable would be in the unfortunate current commodity environment?

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

Yes, would be probably in the single digits in terms of earnings levels. The hedge that is in place we will take that up for 2010 to roughly the -- sorry, 2009 to roughly the 2008 level with no further improvement in that frac spread from here on in, and we're looking for some further improvement in that frac spread. But if there were none and if that condition carried on into 2010, we would be down in the single digits.

Carl Kirst - *BMO Capital Markets - Analyst*

I appreciate the color. Thank you.

Operator

(Operator Instructions). Jim Harmon, Barclays Capital.

Jim Harmon - *Barclays Capital - Analyst*

I was just curious with your position in pipeline building what the current trend is for costs, i.e. steel and labor, and what ultimate impact that might have on your CapEx?

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

First of all, with regard to steel costs, steel costs have come down pretty dramatically over the last six months, and I'm going to ballpark a couple of numbers for you because I don't have a recent update. But I think we were -- scrap steel was priced at around CAD850 a ton back six months ago and is more like CAD250 right now, so that has been a pretty dramatic reduction. And steel and pipe is about a third of the cost of building a pipeline. So we are looking really good on that front.

Another third of the cost relates to basically the pipe lay crews and the contractors, and we are starting to see some pricing tension come into that market now, which we did not have a year ago. We were not able to get any fixed bid contracts a year ago, and now we're starting to be able to do that. And it has not been so much as -- and we're seeing some improvement in the overall costing, not so much due to labor rates coming down but due to improvements in productivity, and we have seen some significant progress in that direction. A little early to quantify that for you, but we had a fair bit of room to move in terms of improving productivity.

So we are quite encouraged, but it is going to take a little while to fully work through.

Operator

Robert Kwan, RBC Capital Markets.

Robert Kwan - *RBC Capital Markets - Analyst*

With the acquisition market looking like it might be coming back and talking about the pendulum swinging back towards gas, a couple of things that you talked about several years ago, one being increasing international and the second being the potential for scale changing acquisition. Are those back on the radar screen from an acquisition front, or is there very much more focus on the gas business and how it would fit strategically into your existing assets?

Pat Daniel - *Enbridge - President & CEO*

Well, I think to answer to your question quickly and then to come back and elaborate, we're not likely to enter into what I would refer to as a scale changing deal at this point. Realize that we are, as I mentioned in my remarks, moving into the sweet spot in terms of providing return for our shareholders right now and will be over the next four years as we continue this 10% plus growth, organic growth. And as I have said so often before, organic growth is relatively low risk compared to major acquisition growth. And you are right. If I go back eight years plus to when I came into this job, I was looking at doing some kind of a scale-changing acquisition in order to get the growth that we needed. But we have been able to do that through organic, and we have achieved the growth through a very low risk investment proposition. So anything that we would do would probably tend to be on the smaller side, very opportunistic and grow out the map to take advantage of the strategic opportunities we have going forward. And we never really as you know kind of viewed the international so much as international as simply a couple of very good investment opportunities, the ones that we had in Spain and Colombia. And we're not -- it's not that we are (inaudible) intent on building an international division. If we saw a really good investment opportunity, then we could do it. But it has to have the right numbers and the right risk profile around it.

Operator

(Operator Instructions). Steven Paget, FirstEnergy.

Steven Paget - *FirstEnergy - Analyst*

Just a quick question. In North Dakota we're hearing about some gas and oil shut-ins. How is this affecting Enbridge and Enbridge Energy Partners?

Pat Daniel - *Enbridge - President & CEO*

I'm not sure that I'm going to be able to be specific to the oil shut-ins. We have got a major expansion underway of our North Dakota oil system right now to accommodate the increased production, and that expansion is being sized to carry all of the new production. I don't know whether -- I cannot comment on any particular well or location that might be shut-in, but we certainly are going to have the capacity there to address everything in the Bakken in North Dakota.

At the same time, we are looking at providing gas infrastructure to take some of the associated gas out of that play. But Richard, I don't know whether you could add anything more specific on the shut-in issue.

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

Right. Well, I think Steven is probably right just because the Bakken production has been ramping up so quickly, there is a lag in certain areas between how quickly infrastructure could be put in place to service that, and that really is what is driving both the expansion that we just completed and the expansion that Pat just referred to.

So I think you are right, there are capacity shortfalls, and to some extent, that will continue until the current expansion is completed.

Steven Paget - *FirstEnergy - Analyst*

But the current expansion should take in all the production that is available out there on both the Saskatchewan and the North Dakota side?

Pat Daniel - *Enbridge - President & CEO*

We have actually got two expansions underway, one on our South Saskatchewan system and one in Dakota. But the answer is yes, it should.

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

Of course, that is what we believed with the prior round of expansions on both those systems as well, so it has tended to be a moving target. But at the moment, the expansion on both the Saskatchewan system and the North Dakota system are both designed to accommodate the expected increase in production.

Operator

At this time we would like to invite anyone with media questions to please press star one if you have a question or press star two to withdraw your question. (Operator Instructions). [Juan Plesis], Canaccord Adams.

Juan Plesis - *Canaccord Adams - Analyst*

In the fourth quarter, you took a provision at EGD for some full-year incentive savings sharing. How much was this?

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

I'm sorry. How much was it in terms of --?

Juan Plesis - *Canaccord Adams - Analyst*

Of the provision?

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

It is not a provision so to speak. It is an expansion. It was about $4 million. You might conceivably be mixing together two things. There was a small provision that was taken for further restructuring to achieve further savings on the incentive regulation. And in addition to that, there was sharing recorded for the ratepayers, and that latter number was in the vicinity of $4 million.

Juan Plesis - *Canaccord Adams - Analyst*

In terms of the energy services, it performed very well with increased margins and volume. What is the likelihood of this continuing?

Pat Daniel - *Enbridge - President & CEO*

I think it is very good in this present environment, excellent prospects there for that continuing. The sharp contango in the market makes that very attractive when you have got physical storage available to you.

Operator

Carrie Tait, National Post.

Carrie Tait - *National Post - Media*

You mentioned solar power in one of the analyst questions. Can you explain a little bit more about what you are thinking in that area?

Pat Daniel - *Enbridge - President & CEO*

Well, realize that it is very early on, and as I mentioned, this is something that our Pathfinders Group has been looking at. We at Enbridge have had this group in operation for about a decade now, and they try to kind of stay out ahead of the curve in terms of new things that are coming along and hence any investment that we might make would be very small in the early going until we get some level of expertise and comfort going forward. But we are looking at to tell you the truth primarily opportunities in Ontario right now where there are good incentives in the solar business and some existing projects, and whether there is room for Enbridge to be an investor in those.

Operator

This concludes the question-and-answer portion of your conference. I would now like to turn it over to Mr. Yu for closing remarks. Sir, you may proceed.

Vern Yu - *Enbridge - VP, IR & Enterprise Risk*

Well, thank you, everyone, for taking your time to be with us this morning, and I would just like to remind everyone that Pat, Murray and I are available for any detailed follow-up questions after the call. Thanks, again.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Good day.
