



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

**Duluth Chamber of Commerce
Annual Dinner**

**Duluth Entertainment Convention Center
Duluth, Minnesota**

October 22, 2014
(check against delivery)

Thanks David (Ross), distinguished guests, ladies and gentlemen.

And, congratulations to those honored tonight for your contributions to the community.

Of all our operations in North America, our staff here are among the most passionate about their hometown.

How do I know that? Well, it's because we encourage our people to move to other locations.

But it's a struggle getting our people in Duluth and Superior to move.

Every time I visit, it's very clear why.

The Twin Ports is blessed with tremendous natural beauty – and it's obvious why Duluth was voted Outside magazine's "Best Outdoors Town" for 2014.

I'm here today because being in communities where we operate and hearing firsthand what's important to you – is critical to me.

[Pause]

Another important part of my job is spearheading our Company's #1 priority – safety and operational reliability.

I can't do that sitting in my office in Calgary.

That's why it's part of every executive's job to engage directly on the ground . . .

. . . face-to-face with our people in the field who are responsible for the safe operation of our pipelines.

A good example was meeting our staff today at our Superior terminal and offices.

Today's Energy Landscape (images, three topics)

I'm very thankful to the Chamber for inviting me here tonight.

I'd be happy to be here on any occasion, but this is particularly timely . . .

. . . because it gives me a chance to talk about something that's important to our Company.

All of us in this room and more broadly, North America – which is today's energy landscape.

This evening, I'd like to explore 3 topics that give us a view of that landscape.

- The importance of the connection between energy infrastructure companies like Enbridge and the communities we live and operate in;
- The tremendous economic and social benefits of energy development . . .
 . . . our own \$44 billion investment program and how this region is a large part of making this a reality;
- And, finally, a looming cloud on the horizon – opposition to energy development and why it's critical for all of us to be part of a better and much broader discussion on energy.

Enbridge's North American Footprint (map):

Before I do that, this map shows our asset footprint.

We deliver 2.2 million barrels of oil each day across North America – including half of all U.S.-bound Canadian exports.

We're the largest natural gas distributor in Canada, heating over 2 million homes.

Our natural gas pipelines extend from Northern B.C. to the Gulf of Mexico.

We're among Canada's largest generators of solar and wind power and we're growing our green energy business in the U.S.

We're in the midst of the largest slate of growth projects in our history – as I said, more than \$44 billion over the next five years.

I'm not showing this map to boast about the size of our asset base.

But rather to convey that the perspective we bring is that of a North American infrastructure player.

Enbridge in the Twin Ports (local images):

Let me begin with Enbridge's long lasting connection with this community.

The Twin Ports is critical to Enbridge – over the past 65 years we've grown up in this area and we care about it.

The Twin Port cities were – and are – the destination for our original Line 1 . . .

. . . that brought the first shipments of western Canadian crude oil to the U.S. market; at that time the Murphy Oil refinery.

It's home to more than 830 of our people and thousands more we employ to work on our projects.

We've benefited from being able to hire well-qualified, skilled people from local and regional universities and colleges.

The benefits of our activity isn't just about direct jobs, it's about the multiplier effect of what we do . . .

- purchasing materials;
- supporting hotels and everyday services like restaurants, grocery and clothing stores, housing; and
- all of the jobs, taxes and building that stems from that.

Valued Local Partners (slide of local companies we do business with)

We count as our partners an exceptional network of companies including power, architecture, engineering, legal services, surveying and many more.

The dollars we invest, the property taxes we pay (\$60 million in 2013 across the two states), make a significant contribution to funding the programs we want in our society . . .

. . . schools, hospitals, social programs and good infrastructure.

So, we share in each other's success.

While what we do is important, we place more weight on how we do it.

That's the approach we take to our business and the values that drive the decisions we make.

Top of the value chain is putting safety and protection of our environment first and conducting ourselves with integrity and respect.

We're proud of our community involvement – from our contributions to non-profits and charities across the Superior Region to enhance education and health . . .

. . . to our Safe Community program that provides grants to local first-responders to help with equipment and training.

The rate of employee voluntarism is stronger here than almost anywhere else within Enbridge.

The question is, why do we do that?

Why does a company like ours make community investment a priority?

Well, it's not because we want to feel good, or for advertising.

The fact is when you're part of a community, it's our responsibility to invest in it.

Opening Up New Markets (map):

Let's now turn to what's happening on the North American energy landscape.

The dynamics of the energy business have changed dramatically over a very short period of time.

You all know about the huge increase in North American oil and gas supply.

That's driving a transformation of the pipeline grid (north to south) . . .

. . . and, more and more opportunities for Enbridge and for the communities where we do business.

This slide captures the projects we have in execution – billions of dollars of investment to connect Western Canadian and Bakken production to key markets in the U.S. Midwest, Eastern Canada and the U.S. Gulf Coast.

Earlier this year, we announced the largest project in our history – the \$7.5 billion Line 3 Replacement Program.

A significant component of our investments are right here in the Midwest

\$5 billion in Minnesota and \$1.5 billion in Wisconsin over the next few years.

The economic benefit of this program is pretty clear, and so are the positive impacts for our social programs.

But developing these oil and gas reserves and infrastructure also supports security of supply for North America.

In fact, there's a very good possibility that we can achieve North American energy security over the next decade.

And with that comes an assurance that consumers pay the lowest possible energy prices to heat our homes and fuel our cars.

All of this investment in new oil and gas bodes well for our economy, our communities and energy security.

And Enbridge and the Twin Ports region is critical to making that happen.

But, nothing ever lines up perfectly and there is a significant challenge that threatens that opportunity.

Current energy development landscape

Opposition to energy development is by far our most critical challenge.

It stems from a confluence of four factors:

- Legitimate concerns about climate change;
- Some significant events like Macondo, Kalamazoo and San Bruno;
- Environmental opposition against pipelines in an effort to halt energy development; and
- The advent of social media that elevates local and regional issues like energy to a national policy debate.

This new era of opposition is creating major concerns about our ability to get production to the right markets on a timely basis . . .

. . . which increases costs and creates uncertainty that could stifle or stop investment.

Sandpiper Pipeline Project (map)

For example, close to home is our proposed Sandpiper Pipeline Project

Sandpiper creates much-needed capacity out of the North Dakota Bakken region.

Sandpiper will generate 1,500 construction jobs in Minnesota.

And it will provide about \$25 million in additional annual property tax payments in its first year of operation.

Sandpiper moves American oil for American consumers.

As you may be aware, we expect Sandpiper will now take about a year longer than planned due to regulatory delays here in Minnesota.

[We received North Dakota's approval in June of this year.]

In any regulatory review, we never take the outcome for granted, but we could always count on clearly defined and transparent processes and timelines.

The process change that's led to the delay came as a surprise and reflects the difficult environment I mentioned earlier.

The regulator in today's environment has a tough job in balancing the factors that must be weighed in reviewing these projects.

We respect their role and recognize the challenges and we thank them for their diligence in managing this complexity.

But we need to realize that the delays lead to higher costs and uncertainty, not just for us, but for new investment for states like Minnesota and, ultimately, the users of energy – all of us.

So what we all need to do is encourage our legislators and regulators to maintain their resolve in supporting the processes that have served Minnesota so well for decades.

Sustainable Development (equation slide):

Because of the changing energy landscape, I believe our industry needs to rethink its approach.

If there's anything the energy industry has learned in recent years, it's that economic benefits alone are not enough to achieve public support.

If you think about "sustainable development" it underscores there are 2 parts to the equation that need to be delivered on – and understood.

Part 1, the economic benefits of energy, those are pretty clear and we usually lead with that when we talk about energy development.

And Part 2, responsible extraction and transportation of resources – I think of Part 2 as safety and environmental protection.

It's broader than that – today we need to focus on sustainable development as the end game.

I think we need to talk more about Part 2 of the equation and talk to communities about that first then go to benefits.

That's because the pipelines and facilities we build and operate require public trust and confidence that we're transporting energy responsibly, with public safety and the environment as the main priority.

The public wants to know what we're doing to continually improve, to get better, to prevent accidents.

Life Takes Energy (stills from ads)

Another key element of the equation is to remind people of the connection between energy and day-to-day life.

The reality is that life takes energy, but sometimes people forget what heats their homes, cooks their food or powers their cars.

And we often forget the importance of transportation conduits like pipelines to get energy where it needs to be, safely.

I'd like to show you a couple of short clips that are part of a larger campaign that we hope will get people to think about energy and hopefully get them engaged in the discussion.

<<show ads – 60 seconds>>

While communicating the importance of energy in our lives is critical, ultimately it comes down to performance.

Industry Leading Performance (digs, ILI – bar charts slide)

Over the past four years, we've invested more than \$4 billion to undertake the most extensive inspection and preventative maintenance program in the history of the North American pipeline industry.

The inspection tools we're using are among the most sophisticated in the world.

Our goal is industry leadership in the safety of our pipelines and protection of the environment.

We're committed to being at the forefront in these areas.

We're engaging stakeholders earlier and more often and responding to concerns.

We're making our experts available to people in the community who want to know more about our projects.

And we're creating opportunities for "show and tell" where we can bring people to our worksites . . .

. . . where they can see firsthand what we do and our people can convey the care we take in operating safely.

Building Coalitions (Sandpiper headline, Line 9 ad):

But as project proponents – we can't do this on our own.

We need people like you talking about the importance of energy.

We call this coalition of support.

I can do a year's worth of talking, but it won't compare to 1 day of coalition support.
(Community leaders, unions, suppliers, teachers, contractors.)

I want to ask all of you to take part in the public dialogue to help balance the debate over energy development . . .

. . . to give regulators the support they need to stick to the robust, tried and true processes that have served the public interest and industry for so many years.

I'd like to acknowledge the tremendous support we've received from your community.

From the Duluth Chamber who brought members together in speaking out in favour of our Alberta Clipper expansion . . .

. . . to the coalition of agriculture, mining, labor and business groups that's formed in support of the regulatory review of our Sandpiper project – and who generated the headline you see here.

Having coalitions of support – from people, communities and businesses along all points of the energy value chain . . .

. . . is increasingly important in helping the public understand the need for pipeline projects and the benefits they deliver.

Coalitions also bring trusted voices to bear in addressing concerns over infrastructure development.

Trusted voices – that’s the key!

In today’s heated environment, it’s absolutely critical that voices that support responsible development are heard.

Voices that can help us balance the debate – and help people make the connection between energy and our quality of life.

Moving Energy Forward (hockey image)

I'm going to conclude with a final call to action.

And as we're in the hometown of the University of Minnesota-Duluth Bulldogs, I'll use a hockey metaphor to do that.

For the energy industry today, it feels like we're spending too much time in the defensive zone.

We're being fore-checked hard – opponents are pressuring our defensemen.

We're learning to play better defense – but that's not getting us on the scoreboard.

We need to transition from defense to offense – we do that by having confidence in the importance of our energy industry team to the country.

And we need to put a few pucks in the net.

In the industry's case, that means

- safety and environmental performance,
- being at the forefront of technology,
- delivering jobs and economic growth.

Finally, the energy business today is like game 7 of the Frozen 4 – intense with lots at stake.

Our industry – our communities and our countries – have a lot at stake as well if we don't get to new markets.

The Chamber and the community has a lot of great captains, coaches, and GMs – the people in this room.

We need people like you to speak up about energy and balance the discussion.

Thank You (repeat of cover slide):

Again, thank you for the invitation to join you this evening.

Over the past 65 years you've been able to count on us to be here, to ensure that our pipelines are operating safely.

And you can count on Enbridge to be here for decades to come.

We're proud to be a company that provides energy that's essential to our quality of life in North America . . .

. . . and that's creating jobs and economic benefits that are vital to so many companies in Duluth, Superior and beyond.