ENBRIDGE INC
Form 6-K
November 05, 2004

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Dated November 4, 2004
Commission file number 0-21080

ENBRIDGE INC.

(Exact name of Registrant as specified in its charter)

Canada	**None**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

3000, 425 1st Street S.W.
Calgary, Alberta, Canada T2P 3L8

(Address of principal executive offices and postal code)

(403) 231-3900

(Registrants telephone number, including area code)

[Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.]

Form 20-F o Form 40-F þ

[Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934].

Yes o No þ

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM S-8 (FILE NO. 333-13456, 333-97305 AND 333-6436) AND FORM F-3 (FILE NO. 33-77022) OF ENBRIDGE INC. AND TO BE PART THEREOF FROM THE DATE ON WHICH

THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

TABLE OF CONTENTS

Table of Contents

The following documents are being submitted herewith:

Press Release dated November 4, 2004.

Interim Report to Shareholders for the nine months ended September 30, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENBRIDGE INC.
(Registrant)

Date: November 4, 2004

By: /s/ Blaine G. Melnyk
Blaine G. Melnyk
Corporate Secretary &
Associate General Counsel

Page 2

Table of Contents

NEWS RELEASE

Enbridge third quarter earnings increase to $179.7 million

CALGARY, Alberta, November 4, 2004 Enbridge Inc. today announced earnings applicable to common shareholders of $179.7 million for the three months ended September 30, 2004, or $1.07 per share compared with $90.7 million, or $0.54 per share, in 2003. The significant increase in earnings is primarily the result of the $97.8 million gain that was recognized on the sale of Enbridge s investment in AltaGas Income Trust.

Earnings for the nine months ended September 30, 2004 are $540.5 million, or $3.23 per share compared with $639.9 million, or $3.87 per share, in 2003. Both periods include significant one-time gains, however the prior period gain was larger. Additionally, there was a $45.4 million charge to earnings in 2004 related to provincial tax rate changes. These two factors are the primary reasons for the variance from the prior year. Positive operating factors increasing earnings in 2004 include a higher contribution from the Enbridge crude oil pipeline system, the gas distribution utility and the Aux Sable liquids extraction plant.

Patrick D. Daniel, President & Chief Executive Officer said, Adjusted operating earnings for the nine months ended September 30, 2004 are higher by some $22 million or 5% from the prior year and clearly leave us in a position to meet our expectations for the full year. The strong demand for energy infrastructure and the excellent geographic positioning of our assets should provide many attractive growth opportunities. These opportunities, together with our strong operating results, demonstrate our continued commitment to build shareholder value.

On November 4, 2004, the Enbridge Board of Directors declared quarterly dividends of $0.4575 per common share and $0.34375 per Series A Preferred Share. Both dividends are payable on December 1, 2004 to shareholders of record on November 15, 2004.

Consolidated Earnings

(millions of Canadian dollars)	**Three months ended September 30,**		**Nine months ended September 30,**	
	2004	**2003**	**2004**	**2003**
Liquids Pipelines	**61.6**	58.6	**167.9**	160.5
Gas Pipelines	**12.3**	11.0	**39.2**	52.6
Sponsored Investments	**19.5**	13.5	**49.5**	205.5
Gas Distribution and Services	**86.1**	8.7	**296.5**	217.8
International	**16.1**	17.9	**53.6**	52.1
Corporate	**(15.9)**	(19.0)	**(66.2)**	(48.6)
	179.7	90.7	**540.5**	639.9

1

Table of Contents

Significant non-operating factors and variances affecting consolidated earnings are as follows:

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Sponsored Investments				
Gain on sale of assets to Enbridge Income Fund				169.1
Dilution gains on the issue of EEP units	**6.7**		**7.6**	9.2
	6.7		**7.6**	178.3
Gas Distribution and Services				
Gain on sale of investment in AltaGas Income Trust	**97.8**		**97.8**	
Colder than normal weather	**3.7**	2.5	**22.3**	44.2
Regulatory disallowances			**(4.6)**	(7.1)
Dilution gain in Noverco (Gaz Metro unit issuance)			**1.1**	
Dilution gain AltaGas Income Trust			**8.0**	
Revalue future income taxes due to tax rate changes			**(45.4)**	(6.1)
	101.5	2.5	**79.2**	31.0
Corporate				
Revalue future income taxes due to tax rate changes				(1.0)
Total significant non-operating factors and variances increasing earnings	**108.2**	2.5	**86.8**	208.3

Significant operating factors affecting earnings in 2004 include the following:

Enbridge crude oil pipeline system earnings are higher in 2004 as they include incremental earnings from the Terrace Phase III expansion placed into service on April 1, 2003.

Enbridge Gas Distribution (EGD) results include the positive impact of the 2004 rate increase and positive variances from the forecast cost of service, partially offset by an accrual to share excess earnings consistent with the 2004 rate filing. The decrease in earnings in the third quarter includes the $25.6 million remaining reversal of unbilled revenue, recorded in the first quarter of 2004.

The Aux Sable liquids extraction plant continues to show an improvement over the prior year including a strong third quarter with positive fractionation margins.

Contributing to lower earnings in 2004 is the absence of earnings from Alliance Pipeline (Canada) and Enbridge Saskatchewan, partially offset with earnings from Enbridge Income Fund (EIF), formed with the acquisition of these assets on June 30, 2003.

Corporate costs were higher in 2004 due to increased business development activity, stock-based compensation expense, and a higher effective tax rate.

Non-GAAP Measures

This news release contains a reference to adjusted operating earnings, which represent earnings applicable to common shareholders adjusted for non-operating factors, as detailed in the above table. This is not a measure that has a standardized meaning prescribed by Canadian general accepted principles (GAAP) and is not considered a GAAP measure. Therefore, this measure may not be comparable to a similar measure presented by other issuers. Management believes that the presentation of adjusted operating earnings provides more useful information to investors and shareholders as it provides increased predictive value and allows them to more accurately identify the trend in earnings.

Table of Contents

Liquids Pipelines

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Enbridge System	**47.9**	43.2	**130.6**	113.5
Athabasca System	**11.6**	12.1	**32.6**	35.2
NW System	**1.8**	2.1	**5.7**	6.2
Saskatchewan System				3.1
Feeder Pipelines and Other	**0.3**	1.2	**(1.0)**	2.5
	61.6	58.6	**167.9**	160.5

Enbridge System earnings are higher as they include incremental earnings from the Terrace Phase III expansion placed into service on April 1, 2003, and the third quarter increase reflects timing of operating and maintenance expenses, as well as the increase in Enbridge s share of the Terrace surcharge.

The Athabasca System includes the earnings contribution from the Hardisty storage caverns completed in the fourth quarter of 2003. This is more than offset by higher tax expense as the prior year included the utilization of loss carryforwards.

The Saskatchewan System is included in the results of EIF, a component of the Sponsored Investments segment, effective June 30, 2003.

The earnings variance in Feeder Pipelines and Other is the result of higher costs than provided for in 2003 associated with the settlement of Federal Energy Regulatory Commission reparations on the Frontier Pipeline, recorded in the first quarter of 2004, as well as higher Liquids Pipelines business development costs primarily in the third quarter of 2004.

Gas Pipelines

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Alliance Pipeline (US)	**8.8**	9.3	**27.5**	27.0
Alliance Pipeline (Canada)				19.6
Vector Pipeline	**3.5**	1.7	**11.7**	6.0
	12.3	11.0	**39.2**	52.6

Alliance Pipeline (US) earnings reflect the additional ownership interests of 1.1% in March 2003, 10.7% in April 2003 and 1.1% in October 2003, partially offset by the impact of the stronger Canadian dollar in 2004. The third quarter variance is primarily the result of the foreign currency fluctuations.

Alliance Pipeline (Canada) is included in the results of EIF, a component of the Sponsored Investments segment, effective June 30, 2003.

Vector Pipeline earnings reflect increased firm transportation commitments and corresponding higher rates as a result of increased demand for service on the pipeline due to new interconnect facilities and customer storage developments, as well as lower interest costs. This is further enhanced by an additional ownership interest of 15% acquired in the fourth quarter of 2003. U.S. earnings from Vector have also been negatively impacted by the stronger Canadian dollar.

Table of Contents

Sponsored Investments

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Enbridge Energy Partners L.P. (EEP)	**5.9**	6.0	**20.0**	19.7
Enbridge Income Fund (EIF)	**6.9**	7.5	**21.9**	7.5
Gain on sale of assets to Enbridge Income Fund				169.1
Dilution Gains	**6.7**		**7.6**	9.2
	19.5	13.5	**49.5**	205.5

EEP results reflect higher operating earnings partially offset by both the stronger Canadian dollar and the lower ownership interest in 2004. The third quarter of 2004 also includes the negative affect of a Federal Energy Regulatory Commission decision requiring a refund to shippers on one of EEP s regulated natural gas pipelines. The higher operating earnings are from increased volumes on the main crude oil liquids pipeline system, as well as increased throughput and higher processing margins on various natural gas assets. EEP realized incremental earnings from the acquisition of the North Texas assets, for US$250.0 million, which closed on December 31, 2003, and the Mid-Continent assets, for US$117.0 million, which closed on March 1, 2004.

EIF commenced operations on June 30, 2003 with the acquisition of a 50% interest in Alliance Pipeline (Canada) and the Saskatchewan System. Enbridge previously owned these assets directly and their results, prior to the disposition, were separately included in the Gas Pipelines and Liquids Pipelines segments, respectively. The Company recognized a $169.1 million gain on the sale of assets to EIF.

In each year, EEP issued additional common units and, as Enbridge did not participate in these offerings, dilution gains resulted.

Gas Distribution and Services

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Enbridge Gas Distribution	**(22.7)**	2.8	**121.2**	171.5
CustomerWorks/ECS	**3.4**	4.5	**12.6**	13.3
Noverco	**(0.1)**	0.6	**28.5**	22.6
Other Gas Distribution Operations	**1.1**	0.3	**8.0**	7.6
Enbridge Gas New Brunswick	**1.1**	1.3	**2.8**	3.4
Gas Services	**0.8**	(0.6)	**(0.2)**	(1.2)
Aux Sable	**3.9**	(1.6)	**3.4**	(8.2)
AltaGas Income Trust (AltaGas)	**0.8**	2.4	**21.1**	8.6
Gain on sale of investment in AltaGas Income Trust units	**97.8**		**97.8**	
Other		(1.0)	**1.3**	0.2
	86.1	8.7	**296.5**	217.8

Various factors, including the weather, affected EGD s distribution volumes and earnings in 2004. While the weather was colder than normal in 2004 and increased earnings by $22.3 million, it was not as cold as the prior year when weather increased earnings by $44.2 million. The weather variance in the third quarter was not significant.

The Ontario tax rate increase and the related revalue of future income taxes result in a first quarter 2004 charge to earnings of $47.6 million for EGD, whereas the second quarter of 2003 included a charge to earnings of $3.8 million also related to tax rate changes. EGD s earnings include a $4.6

Table of Contents

million outsourcing disallowance in 2004, whereas the prior year included a $7.1 million gas costs disallowance related to a long-term transportation contract, both in the first quarter.

Commencing in 2004, EGD refined its process for estimating unbilled revenue. This has no earnings effect for the nine months ended September 30, 2004 as it only reflects a timing difference of reported earnings among quarters. The third quarter of 2004 includes the remaining reversal of the unbilled revenue of $25.6 million, which is the primary reason for the lower earnings. If EGD had employed the new estimation procedures in 2003, third quarter 2003 earnings would have decreased by $22.5 million.

EGD s earnings were positively impacted by the 2004 rate increase, the addition of new customers as well as other positive variances from the forecast cost of service, partially offset by an accrual to share excess earnings, consistent with the 2004 rate filing.

The Noverco earnings include a $1.1 million dilution gain in the first quarter of 2004 resulting from a Gaz Metro Limited Partnership unit issuance that Noverco did not participate in. The Alberta tax rate reduction in the first quarter of 2004 also increased earnings by $1.6 million, whereas the prior year reflected a tax rate increase resulting in a $2.3 million charge to earnings in the second quarter.

The higher earnings from Aux Sable include a strong contribution in the third quarter of 2004 as a result of positive fractionation margins and is a significant improvement over the prior year. Enbridge s ownership interest in Aux Sable was also higher in 2004, as an additional 11.8% was acquired in April 2003 resulting in the current ownership of 42.7%. As the acquisition of the additional interest was at a discount to the book value, depreciation expense is lower on that additional interest.

The earnings contribution from AltaGas reflects a number of factors including an $8.0 million after-tax dilution gain recognized in the second quarter of 2004 when AltaGas issued additional trust units and Enbridge did not participate. The revalue of the future income tax liability related to this investment, primarily as a result of the first quarter Alberta tax rate reductions, also increased earnings. During the third quarter of 2004 Enbridge sold its interest in AltaGas. In early August, Enbridge reduced its ownership interest to approximately 10% and cost accounted for this investment thereafter until the ownership position was reduced to nil in September.

International

(millions of Canadian dollars)	**Three months ended September 30,**		**Nine months ended September 30,**	
	2004	**2003**	**2004**	**2003**
OCENSA/CITCol	**7.9**	8.1	**23.8**	24.0
CLH	**10.9**	11.4	**35.4**	32.5
Other	**(2.7)**	(1.6)	**(5.6)**	(4.4)
	16.1	17.9	**53.6**	52.1

Operating results from CLH continue to reflect increased volumes due to greater demand for refined products throughout Spain, lower operating costs and the translation impact of the stronger Euro.

Other costs include higher business development costs primarily in the third quarter of 2004.

Table of Contents

Corporate

(millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Corporate	**(15.9)**	(19.0)	**(66.2)**	(48.6)

Corporate costs total $66.2 million for nine months ended September 30, 2004 and $15.9 million for the three months ended September 30, 2004. Compared to the same periods in 2003, corporate costs are $17.6 million higher for the nine months ended September 30, 2004 and $3.1 million lower for the three months ended September 30, 2004. The 2004 costs include an expense for stock-based compensation, higher business development activity, and a higher effective tax rate. The variance in the third quarter reflects the timing of corporate activities. In 2003, Corporate costs were offset by interest income on a loan to EEP, primarily in the first six months of the year.

Enbridge will hold a conference call at 2:30 p.m. Mountain time (4:30 p.m. Eastern time) today to discuss the third quarter results. The call can be accessed at 1-800-387-6216 and will be audio webcast live at www.enbridge.com/investor. A replay will be available shortly thereafter at 1-800-408-3053 using the access code 3106904#.

The unaudited interim consolidated financial statements and MD&A are available on our website.

Enbridge Inc. is a leader in energy transportation and distribution in North America and internationally. As a transporter of energy, Enbridge operates, in Canada and the United States, the world s longest crude oil and liquids pipeline system. The Company also has international operations and a growing involvement in the natural gas transmission and midstream businesses. As a distributor of energy, Enbridge owns and operates Canada s largest natural gas distribution company, which provides distribution services in the provinces of Ontario and Quebec, and in New York State; and is developing a gas distribution system for the Province of New Brunswick. The Company employs approximately 4,000 people, primarily in Canada, the United States and South America. Enbridge s common shares trade on the Toronto Stock Exchange in Canada and on the New York Stock Exchange in the United States under the symbol ENB. Information about Enbridge is available on the Company s website at www.enbridge.com.

Certain information provided in this news release constitutes forward-looking statements. The words anticipate , expect , project , estimate , forecast and similar expressions are intended to identify such forward-looking statements Although Enbridge believes that these statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties pertaining to operating performance, regulatory parameters, weather, economic conditions and commodity prices. You can find a discussion of those risks and uncertainties in our Canadian securities filings and American SEC filings. While Enbridge makes these forward-looking statements in good faith, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. Enbridge assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Enbridge Contacts:

Media ***Investment Community***

Jim Rennie
(403) 231-3931
E-mail: jim.rennie@enbridge.com

Colin Gruending
(403) 231-5919
E-mail: colin.gruending@enbridge.com

Table of Contents

ENBRIDGE INC.
HIGHLIGHTS[1]

(unaudited; millions of Canadian dollars except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
FINANCIAL				
Earnings Applicable to Common Shareholders				
Liquids Pipelines	**61.6**	58.6	**167.9**	160.5
Gas Pipelines	**12.3**	11.0	**39.2**	52.6
Sponsored Investments	**19.5**	13.5	**49.5**	205.5
Gas Distribution and Services	**86.1**	8.7	**296.5**	217.8
International	**16.1**	17.9	**53.6**	52.1
Corporate	**(15.9)**	(19.0)	**(66.2)**	(48.6)
	179.7	90.7	**540.5**	639.9
Cash Provided By Operating Activities				
Earnings plus charges not affecting cash	**195.4**	209.1	**817.2**	832.2
Changes in operating assets and liabilities	**229.8**	(60.6)	**513.9**	(235.3)
	425.2	148.5	**1,331.1**	596.9
Common Share Dividends	**79.0**	71.2	**236.6**	212.6
Earnings per Common Share	**1.07**	0.54	**3.23**	3.87
Diluted Earnings per Common Share	**1.06**	0.53	**3.21**	3.84
Dividends per Common Share	**0.4575**	0.4150	**1.3725**	1.2450
Weighted Average Common Shares Outstanding (millions)			**167.1**	165.2
Diluted Weighted Average Common Shares Outstanding (millions)			**168.6**	166.8

OPERATING				
Liquids Pipelines[2]				
Deliveries (thousands of barrels per day)	**2,110**	1,997	**2,125**	1,967
Barrel miles (billions)	**189**	177	**565**	519
Average haul (miles)	**975**	966	**971**	966
Gas Distribution and Services[3]				
Volumes (billion cubic feet)	**76**	93	**398**	412
Number of active customers (thousands)	**1,737**	1,675	**1,737**	1,675
Degree day deficiency[4]				
Actual	**723**	801	**3,733**	4,007
Forecast based on normal weather	**714**	714	**3,521**	3,521

1. Highlights of Gas Distribution and Services reflect the results of Enbridge Gas Distribution and other gas distribution operations on a one quarter lag basis for the three and nine months ended June 30, 2004 and 2003.

2. Liquids Pipelines operating highlights include the statistics of the 11.6% owned Lakehead System and other wholly-owned liquid pipeline operations.

3. Gas Distribution and Services volumes and the number of active customers are derived from the aggregate system supply and direct purchase gas supply arrangements.

4. Degree-day deficiency is a measure of coldness. It is calculated by accumulating for each day in the period the total number of degrees each day by which the daily mean temperature falls below 18 degrees Celsius. The figures given are those accumulated in the Toronto area.

Table of Contents

ENBRIDGE INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited; millions of Canadian dollars; except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2004	**2003**	**2004**	**2003**
Revenues				
Gas sales	**868.9**	682.0	**3,161.8**	2,628.7
Transportation	**396.6**	329.9	**1,258.0**	1,209.2
Energy services	**17.9**	56.2	**160.7**	163.1
	1,283.4	1,068.1	**4,580.5**	4,001.0
Expenses				
Gas costs	**781.9**	597.1	**2,730.5**	2,300.7
Operating and administrative	**217.6**	180.9	**657.4**	577.1
Depreciation	**115.1**	107.4	**340.6**	334.0
	1,114.6	885.4	**3,728.5**	3,211.8
Operating Income	**168.8**	182.7	**852.0**	789.2
Investment and Other Income	**51.7**	49.0	**223.1**	154.5
Gain on Sale of Investment in AltaGas Income Trust Units	**121.5**		**121.5**	
Gain on Sale of Assets to Enbridge Income Fund				239.9
Interest Expense	**(109.4)**	(108.5)	**(335.8)**	(337.1)
	232.6	123.2	**860.8**	846.5
Income Taxes	**(44.1)**	(24.1)	**(294.2)**	(181.4)
Earnings	**188.5**	99.1	**566.6**	665.1
Preferred Security Distributions	**(7.0)**	(6.7)	**(20.9)**	(20.1)
Preferred Share Dividends	**(1.8)**	(1.7)	**(5.2)**	