ENBRIDGE INC
Form 6-K
July 31, 2003

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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 July 30, 2003
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 AND TO BE PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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The following documents are being submitted herewith:

Press Release dated June 30, 2003.

Interim Report to Shareholders for the three months ended June 30, 2003.

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: July 30, 2003

By: /s/ *Blaine G. Melnyk*

Blaine G. Melnyk
Corporate Secretary &
Associate General Counsel

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NEWS RELEASE

Enbridge posts strong first half results of $549 million

CALGARY, Alberta, July 30, 2003 Enbridge Inc. today announced earnings applicable to common shareholders of $549.2 million for the six months ended June 30, 2003, or $3.33 per share, compared with $546.4 million, or $3.45 per share, for the same period in 2002.

Earnings for the three months ended June 30, 2003 are $445.4 million, or $2.70 per share, compared with $433.3 million, or $2.74 per share, for the same period in 2002.

The 2003 results include a $169.1 million gain on the sale of assets to Enbridge Income Fund (EIF), whereas the prior year reflected a $240.0 million gain on the sale of the retail services business, both after-tax and recorded in the respective second quarters. Excluding these gains, earnings have improved significantly from the prior year. This is primarily a result of higher natural gas volumes on the gas distribution system due to colder than normal weather and higher earnings from additional interests in the Alliance Pipeline.

Enbridge President & Chief Executive Officer, Patrick D. Daniel noted, Our results are again strong with our six-month earnings about 5% ahead of last year when significant non-recurring factors are taken into consideration. Together with our quality asset base and strong balance sheet, Enbridge is well positioned relative to our industry peers. We plan to continue to translate this strength into low risk success.

Mr. Daniel added, More significantly, from an operating perspective, the final phase of the Terrace expansion program, Phase III, was placed into service on April 1, 2003. The 140,000 barrels per day of additional throughput capacity from Phase III, along with the recently announced Spearhead Pipeline, and other initiatives, provide producers in western Canada, especially those in the Alberta oil sands, with increased access to United States markets and the opportunity for higher netbacks. These initiatives provide producers with necessary capacity and delivery points in key strategic markets.

On July 30, 2003, the Enbridge Board of Directors declared quarterly dividends of $0.415 per common share and $0.34375 per Series A Preferred Share. Both dividends are payable on September 1, 2003 to shareholders of record on August 15, 2003.

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Consolidated Earnings

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Energy Transportation North	**251.1**	59.7	**317.0**	121.2
Energy Transportation South	**15.6**	7.4	**24.7**	21.6
Gas Distribution and Services	**174.8**	126.7	**202.9**	139.2
International	**18.6**	17.5	**34.2**	34.0
Corporate	**(14.7)**	(12.2)	**(29.6)**	(11.9)
	445.4	199.1	**549.2**	304.1
Discontinued Operations		234.2		242.3
	445.4	433.3	**549.2**	546.4

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

Energy Transportation North includes a $169.1 million after-tax gain on the sale of assets to EIF recorded in the second quarter of 2003.

Energy Transportation South includes a $9.2 million dilution gain on an Enbridge Energy Partners, L.P. (EEP) unit issuance in the second quarter of 2003, whereas the prior year included a $6.1 million dilution gain in the first quarter.

Gas Distribution and Services includes the positive effect of colder than normal weather of $41.7 million in 2003, including $27.4 million in the second quarter. The positive weather in 2003 is partially offset by a $7.1 million regulatory disallowance related to a prior year and recorded in the first quarter of 2003. In 2002, warm weather negatively affected earnings by $39.4 million, including $24.0 million in the second quarter.

Corporate included a $17.8 million after-tax gain on sale of marketable securities recorded in the first quarter of 2002.

The second quarter of each year includes the effect of the Alberta 0.5% tax rate reduction. The 2003 results also include the effect of a higher federal future tax rate since federal surtax will apply when large corporations tax is eliminated. These tax rate changes result in a $7.1 million net charge to earnings in the second quarter of 2003 in comparison to a net recovery of $1.4 million in the prior year.

Discontinued operations included a $240.0 million after-tax gain on the sale of the retail energy services business in 2002.

Operating factors that enhance earnings in 2003 include the additional ownership interest in Alliance, the placing into service of Terrace Phase III, improved results from gas service activities and higher earnings from EEP. These positive factors are partially offset by higher operating expenses in the gas distribution utility, primarily in the first quarter.

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Energy Transportation North

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Enbridge System	**40.7**	33.2	**70.3**	68.3
Athabasca System	**11.4**	9.4	**23.1**	19.5
NW System	**2.0**	2.0	**4.1**	4.4
Saskatchewan System	**1.4**	1.7	**3.1**	3.3
Alliance Pipeline	**22.2**	10.5	**37.3**	19.8
Vector Pipeline	**2.3**	1.2	**4.3**	2.4
Other	**2.0**	1.7	**5.7**	3.5
	82.0	59.7	**147.9**	121.2
Gain on sale of assets to Enbridge Income Fund	**169.1**		**169.1**	
	251.1	59.7	**317.0**	121.2

Enbridge System earnings for the second quarter of 2003 include incremental earnings from Terrace as Phase III was placed in service on April 1, 2003. However, the results are negatively affected by a higher power allowance credit due to shippers.

Higher earnings from the Athabasca System are primarily the result of the completion of additional facilities and tankage.

Alliance earnings reflect the additional ownership interests of 15.7% acquired in the fourth quarter of 2002, 1.1% in March 2003 and 11.8% in April 2003.

Vector earnings reflect increased volumes due to both colder than normal weather in eastern Canada during the first quarter of 2003 and higher storage injections during the second quarter.

On June 30, 2003, Enbridge sold the Saskatchewan System and the 50% interest in Alliance Canada to EIF for an after-tax gain of $169.1 million.

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Energy Transportation South

(millions of Canadian dollars)	**Three months ended June 30,**		**Six months ended June 30,**	
	2003	**2002**	**2003**	**2002**
Enbridge Energy Partners	**5.9**	4.4	**13.7**	8.8
Feeder Pipelines and Other	**0.5**	2.0	**1.8**	4.4
Enbridge Midcoast Energy		0.8		2.3
Enbridge Energy Partners dilution gain	**9.2**	0.2	**9.2**	6.1
	15.6	7.4	**24.7**	21.6

EEP earnings are higher due to the acquisition of the Enbridge Midcoast Energy assets in October 2002. Enbridge s effective weighted average ownership interest in EEP also increased slightly from the prior year to approximately 13.8%.

Feeder Pipelines and Other reflect lower earnings from Frontier as a result of lower tolls and volumes.

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

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Gas Distribution and Services

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Enbridge Gas Distribution	**158.0**	107.3	**168.7**	110.8
Noverco	**11.8**	14.6	**22.0**	23.3
CustomerWorks/ECS	**3.7**	3.7	**8.8**	5.5
Enbridge Gas New Brunswick	**0.9**	1.0	**2.1**	2.0
Aux Sable	**(4.8)**	(1.6)	**(6.6)**	(2.5)
Other Gas Distribution Operations	**5.1**	4.3	**7.3**	5.8
Gas Services	**(0.3)**	(2.4)	**(0.6)**	(5.4)
Other	**0.4**	(0.2)	**1.2**	(0.3)
	174.8	126.7	**202.9**	139.2

Higher earnings in 2003 are attributable to the colder than normal weather experienced in the Enbridge Gas Distribution franchise area, amounting to $41.7 million. During 2002, weather was warmer than normal, resulting in a $39.4 million reduction in earnings. In 2003, degree days, which are used as a measure of coldness, were 27.9% greater than 2002 and 14.2% greater than the forecast based on normal weather.

(millions of Canadian dollars except number of degree days)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Actual degree days	**2,130**	1,690	**3,206**	2,507
Forecast degree days based on normal weather	**1,887**	1,912	**2,807**	2,932
Earnings increase/(decrease) due to weather	**27.4**	(24.0)	**41.7**	(39.4)

The positive effect of weather is offset in part by the $7.1 million regulatory disallowance related to long-term transportation contracts recognized in the first quarter of 2003, higher operating and maintenance expenses as a result of colder than normal weather and the timing of expenditures.

The Noverco contribution reflects improved operating results from Gaz Metropolitain, combined with earlier recognition of revenues as a result of the unbundling of rates. The positive operating results are more than offset by changes in tax rates recorded in the respective second quarters which decrease earnings in 2003 and increased earnings in 2002.

The main component of CustomerWorks/ECS earnings in 2003 is the contribution from CustomerWorks. The primary operations of Enbridge Commercial Services (ECS) were rebundled in Enbridge Gas Distribution at the end of 2002. Earnings from CustomerWorks/ECS are affected by service levels in 2003 compared with 2002.

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The loss from Aux Sable reflects Enbridge s increased ownership interest as well as the combined effect of higher natural gas prices and lower ethane prices during the first half of 2003 and more significantly during the second quarter.

The Gas Services results improved due primarily to the commencement of gas service management contracts with certain U.S. based companies in late 2002 and increased demand for natural gas and associated transmission service, reducing merchant capacity losses on Alliance and Vector.

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International

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
OCENSA/CITCol	**7.5**	7.8	**15.9**	18.3
CLH	**12.7**	9.9	**21.1**	16.3
Jose Terminal and Other	**(1.6)**	(0.2)	**(2.8)**	(0.6)
	18.6	17.5	**34.2**	34.0

Earnings from OCENSA/CITCol decreased due to lower incentive earnings from CITCol.

Operating results from CLH reflect increased volumes and the impact of the stronger Euro, partially offset by a reduction in marine fleet revenues due to the scheduled retirement of certain ships.

As a result of a breach of the Jose Terminal operating agreement by PDVSA, the Venezuelan state oil company, the SWEC Partnership has filed a notice of contract termination and has filed for international arbitration, as provided for in the operating agreement. The Company ceased recognition of earnings commencing February 1, 2003. Other is primarily administration and business development costs and the results of the Technology business.

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Corporate

Corporate costs total $29.6 million for the six months ended June 30, 2003 compared to $11.9 million for the same period in 2002. The 2002 results included a $17.8 million after-tax gain on the sale of marketable securities. For the three months ended June 30, 2003, corporate costs are $14.7 million compared to $12.2 million for the same period in 2002.

*Enbridge will hold a conference call at 2:15 p.m. Mountain time (4:15 p.m. Eastern time) today to discuss the second quarter results. The call will be broadcast live on the Internet at **www.enbridge.com/investor**. A replay will be available shortly thereafter at 1-800-408-3053.*

The interim financial statements and MD&A are available on Enbridge s website at www.enbridge.com.

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 U.S., 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 U.S. and South America. Enbridge common shares trade on the Toronto Stock Exchange in Canada and on the New York Stock Exchange in the U.S. under the symbol ENB. Information about Enbridge is available on the Company s web site at www.enbridge.com.

When used in this news release, the words anticipate , expect , project , believe , estimate , forecast and similar expressions are intended to i forward-looking statements, which include statements relating to pending and proposed projects. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions and, in the case of pending and proposed projects, risks relating to design and construction, regulatory processes, obtaining financing and performance of other parties, including partners, contractors and suppliers.

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Enbridge Inc.
Management s Discussion & Analysis
June 30, 2003

This discussion should be read in conjunction with the unaudited consolidated financial statements of Enbridge Inc. as at and for the three and six months ended June 30, 2003.

Consolidated Earnings

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Energy Transportation North	**251.1**	59.7	**317.0**	121.2
Energy Transportation South	**15.6**	7.4	**24.7**	21.6
Gas Distribution and Services	**174.8**	126.7	**202.9**	139.2
International	**18.6**	17.5	**34.2**	34.0
Corporate	**(14.7)**	(12.2)	**(29.6)**	(11.9)
	445.4	199.1	**549.2**	304.1
Discontinued Operations		234.2		242.3
	445.4	433.3	**549.2**	546.4

Earnings applicable to common shareholders (earnings) are $549.2 million for the six months ended June 30, 2003, or $3.33 per share, compared with $546.4 million, or $3.45 per share, for the comparable six months of 2002.

Earnings for the three months ended June 30, 2003 are $445.4 million, or $2.70 per share, compared with $433.3 million, or $2.74 per share, for the three months ended June 30, 2002.

Significant factors and variances affecting consolidated earnings are as follows:

Energy Transportation North includes a $169.1 million after-tax gain on the sale of assets to Enbridge Income Fund (EIF) recorded in the second quarter of 2003.

Energy Transportation South includes a $9.2 million dilution gain on an Enbridge Energy Partners, L.P. (EEP) unit issuance in the second quarter of 2003, whereas the prior year included a $6.1 million dilution gain in the first quarter.

Gas Distribution and Services includes the positive effect of colder than normal weather of $41.7 million in 2003, including $27.4 million in the second quarter. The positive weather in 2003 is partially offset by a $7.1 million regulatory disallowance related to a prior year and recorded in the first quarter of 2003. In 2002, warm weather negatively affected earnings by $39.4 million, including $24.0 million in the second quarter.

Corporate included a $17.8 million after-tax gain on a sale of marketable securities recorded in the first quarter of 2002.

The second quarter of each year includes the effect of the Alberta 0.5% tax rate reduction. The 2003 results also include the effect of a higher federal future tax rate since federal surtax will apply when large corporations tax is eliminated. These tax rate changes result in

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a $7.1 million net charge to earnings in the second quarter of 2003 in comparison to a net recovery of $1.4 million in the prior year.

Discontinued operations included a $240.0 million after-tax gain on the sale of the retail energy services business in 2002.
Operating factors that enhance earnings in 2003 include the additional ownership interest in Alliance, the placing into service of Terrace Phase III, improved results from gas service activities and higher earnings from EEP. These positive factors are partially offset by higher operating expenses in the gas distribution utility, primarily in the first quarter.

RECENT DEVELOPMENTS

Enbridge Income Fund

On June 30, 2003, Enbridge created EIF, designed to provide investors with an opportunity to invest directly in stable, low-risk pipeline assets. On formation, the Company transferred into the Fund its 50% interest in the Canadian segment of the Alliance Pipeline together with its 100% interest in Enbridge Pipelines (Saskatchewan) Inc. for total proceeds of $905.0 million before working capital adjustments. The Company recorded a $169.1 million after-tax gain on the transfer of these assets into the Fund. On July 10, 2003, the underwriters exercised their over-allotment option, reducing Enbridge s 45.3% common equity interest in the Fund to 41.9%.

Spearhead Pipeline

On July 15, 2003, Enbridge announced that it will purchase a 90% interest in the Cushing to Chicago Pipeline System from BP Pipelines North America Inc. for US $122 million. Subject to acceptance of proposed tolling arrangements by Canadian producers and regulatory approval, Enbridge plans to spend approximately US $20 million to reverse the flow of the pipeline to transport Canadian crude south from Chicago to Cushing and rename the system the Spearhead Pipeline. This transaction is anticipated to close in the third quarter of 2003.

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FINANCIAL RESULTS

Energy Transportation North

Earnings

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Enbridge System	**40.7**	33.2	**70.3**	68.3
Athabasca System	**11.4**	9.4	**23.1**	19.5
NW System	**2.0**	2.0	**4.1**	4.4
Saskatchewan System	**1.4**	1.7	**3.1**	3.3
Alliance Pipeline	**22.2**	10.5	**37.3**	19.8
Vector Pipeline	**2.3**	1.2	**4.3**	2.4
Other	**2.0**	1.7	**5.7**	3.5
	82.0	59.7	**147.9**	121.2
Gain on sale of assets to Enbridge Income Fund	**169.1**		**169.1**	
	251.1	59.7	**317.0**	121.2

Earnings are $317.0 million for the six months ended June 30, 2003, an increase of $195.8 million over the same period in 2002. The results include a $169.1 million after-tax gain on the sale of the Saskatchewan System and the 50% interest in Alliance Canada to EIF. The results also reflect higher earnings from the Enbridge System, Athabasca System, Alliance Pipeline and Vector Pipeline.

Enbridge System earnings for the second quarter of 2003 include incremental earnings from Terrace as Phase III was placed in service on April 1, 2003. However, the results are negatively affected by a higher power allowance credit due to shippers.

Higher earnings from the Athabasca System are primarily the result of the completion of additional facilities and tankage.

Alliance earnings reflect the additional ownership interests of 15.7% acquired in the fourth quarter of 2002, 1.1% in March 2003 and 11.8% in April 2003.

Vector earnings reflect increased volumes due to both colder than normal weather in eastern Canada during the first quarter of 2003 and higher storage injections during the second quarter.

Earnings for the three months ended June 30, 2003 are $251.1 million, an increase of $191.4 million from the same period last year. The three month results include the $169.1 million gain on sale of assets, incremental earnings from Terrace Phase III, higher earnings from Alliance resulting from an increased ownership interest and higher volumes on the Vector Pipeline.

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Energy Transportation South

Earnings

(millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Enbridge Energy Partners	**5.9**	4.4	**13.7**	8.8
Feeder Pipelines and Other	**0.5**	2.0	**1.8**	4.4
Enbridge Midcoast Energy				