Is Enbridge (TSX:ENB) Stock the Best Name to Own?

Description

In what's being viewed as a positive development by many in Canada's oil and gas sector, on Wednesday, the federal government announced plans to move ahead with the Trans Mountain Pipeline project.

The Canadian government originally purchased the pipeline from **Kinder Morgan Canada** last spring for $4.5 billion when it decided that the level of risk and uncertainty involved in the project were unbefitting of a privately owned company.

Pipelines across the country are facing strong opposition from environmentalists and regulators, who fear the potential repercussions that could result from shipping massive amounts of crude across the country close to lakes, rivers, and streams.

That opposition pressure has led to what some in Alberta are referring to as the "No More Pipelines" law, officially known as Bill C-69, which is designed to create a new regime for approving proposed pipeline projects. I'm not much of a doomsayer myself, but one has to wonder how attractive pipeline companies really are as investments under this Liberal government.

Canada's largest energy infrastructure, meanwhile, **Enbridge** (TSX:ENB)(NYSE:ENB), still has more than $60 billion of long-term debt that needs to be paid back at some point, even as it continues to invest and spend on its Line 3 project — the biggest in the company's history — which is now facing more delays thanks to a regulatory holdup announced earlier this week in the state of Minnesota.

In essence, what we have is an industry fraught with regulatory hurdles at the moment, a mountain of debt that still needs to be serviced, and mounting public pressure for more investment in clean energy technology.

Do you really think Enbridge is the best stock to own right now?

Granted, I'll be the first to say I really like the fact that ENB is paying its shareholders a solid dividend, currently yielding 6.36%. And I also really like the fact that the company has already announced plans to increase that dividend by as much as 10% (or potentially even more) over the next couple of years.

But the fact is, beyond that, I have my doubts.

Much has been made over the years about the fact that contracts that generate most of the company's revenues are fixed and long term. That's supposed to mean they aren't risky. That it continues to pile on debt, often spending more on capital investments than it brings in each year, shouldn't be of much concern.

But the reality is that a report came out recently suggesting that investments in the Canadian oil sands have declined for five consecutive years, as the industry's major players have begun turning their attention to lower-cost asset bases.

If that trend continues — and there's no reason to say that it won't — and if it means that Canada is collectively producing less oil than some had forecast a decade or two ago, what does that mean for the next round of negotiations when Enbridge's customers come back to the bargaining table?

Foolish bottom line

By no means am I saying that an investment in ENB stock right now is a bad idea.

Rather, I'm simply raising the question, "Is an investment in Enbridge stock really as safe as some people think it is?" If it isn't, are there better opportunities out there?

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