



Canadians: Why You Can Trust Enbridge (TSX:ENB) Stock Forever

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is the largest energy infrastructure company in North America. This energy giant has also been a stalwart on the TSX for decades. It is one of the largest equities on the TSX by market cap, holding at around \$83 billion at the time of this writing. However, it has encountered resistance in the form of regulatory battles in recent years. A recent battle has sprung up and put the Canadian giant in the news for the wrong reasons.

Today, I want to discuss why Canadian investors can trust Enbridge for the long term.

Enbridge: Should you be worried about another regulatory battle?

In late 2019, I'd discussed why Enbridge was enticing after scoring a [big regulatory win](#) in Minnesota. It was locked in a battle with environmental activists over its Line 3 extension, but eventually won out as regulators begrudgingly gave approval. On November 25, a Minnesota regulatory panel signed off on Enbridge's planned Line 3 crude oil pipeline replacement across northern Minnesota. Only one minor state permit remains to obtain the full green light.

The good news in Minnesota has been overshadowed by an emerging battle in Michigan. In November, Michigan governor Gretchen Whitmer announced that she was terminating the easement that allows Enbridge to operate its Line 5 pipelines. She stated that the company failed to protect the U.S. Great Lakes by preventing the line from being damaged. The move would require the line to be shut down by May 2021.

Enbridge fired back and filed a federal complaint in the U.S. District Court. It is seeking an injunction to stop the State of Michigan from taking any steps to stop the operation of Line 5. Enbridge will likely be locked in a lengthy legal battle that could go to the Michigan Supreme Court. In the meantime, do not expect operation of Line 5 to cease while this battle is fought.

Why this energy heavyweight is worth holding onto for the long term

The Line 5 fight poses a threat if Enbridge loses out, but it still boasts a massive project pipeline. Moreover, it has put together a strong year in the face of the COVID-19 pandemic. In Q3 2020, the company reaffirmed 2020 financial guidance range of \$4.50 to \$4.80 DCF/share. Adjusted EBITDA has been mostly flat in the year-to-date period compared to 2019. However, adjusted earnings have taken a hit in this challenging year.

Enbridge: Evaluating the stock right now

Back in May, I'd [suggested](#) that Enbridge stock was on sale. Its shares last possessed a favourable price-to-book value of 1.4. The stock has increased 11% month over month, as investors have not been deterred by Michigan's legal threat. Best of all, Enbridge offers a quarterly dividend of \$0.81 per share. That represents a tasty 7.8% yield. Canadian investors should not let recent headlines scare them away from this dividend beast. It is still worth snatching up before December.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/09/06

Date Created

2020/11/28

Author

aocallaghan

default watermark