



Colonial Pipeline Attack Highlights Enbridge's Strength

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a stock that has been in the news a lot lately. Unfortunately, it hasn't been all good news for investors of late.

An ongoing dispute with Michigan over the company's Line 5 project has raised concerns among many investors. Indeed, this is a critical infrastructure project that investors have been banking on for some time.

Here's why Enbridge remains one of my [top picks](#) in light of this ongoing dispute. Let's dive into what's going on.

Line 5 officially shut down

Michigan governor Gretchen Whitmer has been a stark opponent of Enbridge's Line 5 expansion. The governor recently called for the closure of this pipeline and has passed legislation to this effect.

Enbridge continues to operate the pipeline in defiance of this order.

Accordingly, this pipeline has become a politically sensitive issue for not only Enbridge and Michigan, but Canada-U.S. relations as well.

This 68-year-old pipeline is a part of one of the most important lines running in Enbridge's Lakehead system. This line carries sweet light crude oil as well as natural gas liquid to refineries in the U.S. and in Ontario from western Canada.

The Michigan governor is concerned about the potential for a spill into the Great Lakes. Experts have chimed in on this move, many of whom side with Enbridge. The upgrading of this line is likely to provide more environmental benefit than harm. Accordingly, this appears to be a political issue rather than an environmental one at this time.

Here's why I think there's reason to be bullish on Enbridge, despite these political headwinds.

Colonial Pipeline hack highlights need for efficient energy transport

The recent shutdown of the Colonial pipeline has raised eyebrows. We quickly got a crash course in what happens if oil stops flowing in pipelines.

It's not good.

The value Enbridge's pipeline network provides has been brought to light. Indeed, the Line 5 expansion project stands to bring oil safely from point A to B in an efficient manner. This is good for consumers, keeping gasoline prices low — they're not right now, particularly in the eastern U.S.

Yes, spills do occur, and there are environmental reasons for concern. However, pipelines continue to be much safer than alternative transport methods. Spills occur on a frighteningly frequent volume and scale via railroads, for example.

Bottom line

Pipelines happen to be a necessity in our existing economy. These are integral pieces of the infrastructure that is relied upon on a daily basis for things to get done.

Political headwinds such as those seen in Michigan will likely hamper Enbridge stock in the near term. However, I'm hopeful diplomatic reasoning from Canadian ambassadors can change the minds of U.S. legislators.

It's ultimately the responsibility of Enbridge's management team to get this project built. I've got faith they can get the job done. Investors bullish on Enbridge's management team may be well rewarded by taking a stake. It could pay off over the long term.

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