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THURSDAY, JANUARY 18, 2007

Pipeline demands mount: Enbridge

Alberta needs at least three, utility says

SHAUN POLCZER
 CALGARY HERALD

At least three new pipelines will be needed to move Alberta's growing oil sands production to new markets in the United States and overseas, a senior official with Enbridge Inc. said Wednesday.

Those are on top of a 400,000-barrel per day (bpd) link to the U.S. Gulf Coast and a proposed 300,000 bpd hook-up to Kitimat, B.C., said Rick Sandahl, Enbridge's senior vice-president of market development.

"There's a need for significant infrastructure changes going forward," he told a Calgary oil sands conference. "Getting to existing markets isn't adequate — you need to have pipelines to get to new markets."

According to industry forecasts, oil sands production is expected to triple to about 45 million bpd by 2015, requiring at least two million bpd of incremental transportation capacity out of Western Canada.

Sandahl said Enbridge has received strong interest from American refiners keen to access more Canadian oil.

In addition to the Gulf Coast, other potential new markets include California — which could be supplied from Kitimat — and the eastern seaboard, which would require a \$1.4-billion line from Chicago to move Canadian oil into places like Philadelphia, Baltimore and New Jersey.

An eastern pipeline could also access refineries on the Canadian side of the border, particularly in Montreal.

Companies like Shell Canada

Ltd. and Petro-Canada have speculated on building or modifying facilities in eastern Canada to process Alberta heavy crude.

However, Sandahl noted the east coast line is the "most speculative" proposal in Enbridge's \$5-billion project inventory. If it goes ahead, the pipeline could be built and in service by 2012.

But the Gulf Coast remains the big prize for Canadian shippers. It has the largest concentration of heavy oil refineries in North America and is looking to diversify supply sources that come mainly from Venezuela and Mexico.

Venezuelan president Hugo Chavez has threatened to reduce exports to the U.S. while Mexico's oil production is in decline.

Other proposed export pipes from Canada include a 250,000-bpd bullet line to Texas currently being advanced by Altex Energy Ltd.

Altex is a private company responsible for building the Alliance natural gas pipeline to Chicago in 2006. Altex proposes to ship raw bitumen to U.S. refineries capable of upgrading.

Acknowledging the debate over value-added processing at home, Crawford said the pipeline would serve as a hedge against rising costs for labour and materials in Alberta.

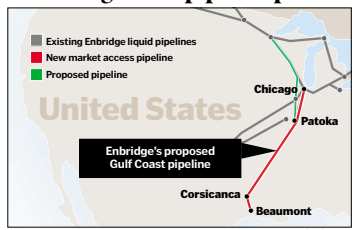
Andrew Kuske, a pipeline analyst with UBS in Toronto, said Enbridge stands to gain from future expansion projects.

"Enbridge's asset position is likely to fuel a significant portion of highly visible corporate growth over the next five years," he said in a research note.

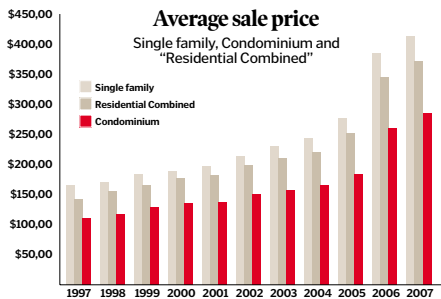
Despite increasing its dividend seven per cent on Tuesday, Enbridge shares fell 69 cents in Toronto, to close at \$38.45.

SOURCE: ENBRIDGE INC.

Enbridge Inc.'s pipeline plans



REAL ESTATE ESCALATION



Calgary Herald Archive

Condos are expected to outsell single-family homes in Calgary this year.

Condos will be king in '07, board predicts

MARIO TONEGUZZI
 CALGARY HERALD

Calgarians in the market to buy a new home will increasingly turn to condominiums in 2007 as an alternative to single-family homes that experienced a huge escalation in prices in the past year.

The Calgary Real Estate Board, in its annual forecast Wednesday, predicted the average sale price for condos to rise by nine per cent this year and total sales to increase by three per cent. And while single-family home prices will jump by seven per cent, total sales in that market will drop by four per cent, it said.

"I expect there to be more interest in the condo market in 2007 because it continues to be more affordable than

the single-family housing market which means that more first-time homebuyers, more families and potentially more seniors will take a closer look at condos as an alternative," said Ron Stanners, CREB president.

The organization said the single-family average sale price will hit \$411,948 this year, while the average sale price for condos in 2007 will rise to \$284,775. In 2006, the single-family average sale price was \$384,998. The condo price was \$260,711.

The CREB forecast also has condo and single-family home listings each rising by three per cent this year.

"In 2006, condos represented 27.42 per cent of residential sales," said Stanners. "With single-family prices where they are, we expect

condos to become more popular and we expect sales to increase to 30.85 per cent of the residential market." Lai Sing Louie, senior market analyst for Canada Mortgage and Housing Corp. in Calgary, said the real estate board's forecast of sales in the condo market "jives with our forecast. Overall, condo prices are more affordable than single-detached so demand in that area will be strong," said Louie.

"And with that prices should rise. We have a similar understanding that inventory should sort of wind itself through by the second quarter and then prices will probably be moving around then."

SEE CONDOS, PAGE E10

MARGIN CALLS

GM hangs on to top spot

AUTOMAKERS • General Motors Corp.'s 2006 worldwide sales dropped slightly to 9.09 million cars and trucks, but that was probably enough to keep the title of world's largest auto seller.

The Detroit automaker said Wednesday that its 2006 global sales fell 0.9 per cent from 9.17 million in 2005. Toyota Motor Corp. has estimated that it sold 8.8 million vehicles last year, but final numbers won't be released until later this month.

It's likely to be a much closer race this year, according to several auto-industry analysts, who say that with Toyota experiencing growth in North America and other areas, GM may have to give up the title.

GM chief executive Rick Wagoner has vowed a fight to keep the No. 1 spot.

"Let's just say it's going to be a good old-fashioned horse race for 2007," said Eric Merkle, director of forecasting for the auto consulting company IRN Inc. in Grand Rapids, Mich.

Toyota has said it expects to produce 9.42 million vehicles this year. GM hasn't disclosed 2007 worldwide production estimates.

Domtar launches germ-free paper

AT THE OFFICE • As we move toward the zenith of the germ and virus season, Domtar Inc. has announced that it may soon be safer to fondle your memos, kiss your paycheck and caress your colleagues' files.

Domtar on Wednesday launched North America's first antimicrobial office paper, designed to protect paper against the growth of bacteria, odours, fungus, mould and mildew.

"The development of this paper presents an opportunity to help reduce the proliferation of bacteria in office environments," Steve Barker, Domtar's senior vice-president, pulp and paper sales and marketing, said.

Since the Montreal-based firm began investigating bacteria-fighting products about 18 months ago, it has learned that health-care facilities and medical offices are not the most concerned about germs. It's the average office. "More and more products for the office place have antimicrobial properties," said Eric Laviole, Domtar's manager of business papers, said.

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HERALD ENERGY

Newfoundland rejects proposal to develop offshore oilfield
 Page E6

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Apple posts record Q1 profit

iPods, Macs enjoyed strong holiday sales

THE ASSOCIATED PRESS

Apple Inc. on Wednesday posted a record profit in its fiscal first quarter, beating Wall Street estimates as earnings rose 78 per cent amid strong holiday sales of its iPod music players and Macintosh computers.

During the first three months of 2006, the Cupertino-based company Apple said it earned a billion US, or \$1.6 per share, compared to \$95 million, or 65 cents a share, in the year-ago period.

Revenue for the quarter hit a record, reaching \$7.1 billion, up 24 per cent from \$5.7 billion the previous year.

Analysts, on average, were expecting earnings of 78 cents per share on sales of \$6.42 billion, ac-

ording to a Thomson Financial survey.

"This one was for the record books," Apple chief financial officer Peter Oppenheimer said in an interview.

Apple shipped 1.6 million Macs and more than 21 million iPods during the quarter, representing a growth of 28 per cent and 50 per cent respectively from the year-ago holiday season.

Shares of Apple lost \$2.15 to close at \$94.05 on the Nasdaq Stock Market as technology stocks in general tumbled. In extended trading following its report, Apple shares climbed 17 per cent to \$96.60. Apple forecast fiscal second-quarter revenue of \$4.8 billion to \$4.9 billion and earnings per share of 54 cents to 56 cents. Analysts had projected revenues of \$5.22 billion and earnings per share of 60 cents, according to Thomson First Call.

Apple is one of the most prominent among dozens of companies facing scrutiny over



Paul Sakuma, Associated Press
Apple shipped more than 21 million iPods in Q1, representing 50 per cent growth.

its past accounting of stock options, but Wall Street has largely shrugged off the matter.

Last week, federal prosecutors confirmed that they had opened an investigation into stock options irregularities at Apple, including an award granted to CEO Steve

Jobs that carried a false October 2004 date when it was actually approved in December of that year. Apple's own internal probe last year had disclosed that discrepancy, among thousands of other mishandled grants. The company, however, said its probe exonerated Jobs and any current management from any wrongdoing, while raising "serious concerns" about the actions of two former officers.

Investors remain optimistic about Apple's future as it reinvents itself as a consumer electronics company. It even changed its name last week from **Apple Computer Inc.** to just Apple Inc. to better reflect its broadening portfolio beyond computer products.

Apple introduced the iPhone last week, a cellphone combined with its iPod media player, Internet browsing and e-mail capabilities. The unveiling of the phone drove Apple's shares to briefly reach an all-time high of \$97.80 during trading before closing up 4.79 per cent at \$97 that day.

Shell goes with Nortel, Microsoft

PRODUCTS • Nortel Networks Corp. and Microsoft Corp. said Wednesday that **Royal Dutch Shell**, the multinational energy company, will be a customer for their new corporate communications products.

The two companies also announced plans to release products aimed at small business customers this spring and video conference, messaging and big business offerings later in the year.

When the collaboration was announced in July, Nortel predicted the combination of its corporate phone

and Microsoft's office communication equipment would generate \$1 billion in extra business over the next four years.

Several competitors have also joined the race in the rapid convergence of the communications world. Avaya, a competitor to Nortel in corporate phones, has a similar alliance with IBM.

For Shell, which has a base of Nortel phone and Microsoft desktop technology, the alliance is an opportunity to improve communications and cut costs in networks.

—CanWest News Service

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KEYNOTE SPEAKER SERIES

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CONDOS: Moderate market expected for 2007

"We've watched the share of condo sales start around 20 per cent of the market maybe 20 years ago moving up to around 30 per cent of the market share now. So as the city intensifies, we continue to see that market being strong going forward," said Louie.

Stammers said the overall resale real estate market in Calgary in 2007 will be "the year of moderation compared to the hyper drive marketplace of 2006."

Calgary's resale housing market ended 2006 with record-breaking sales and skyrocketing average prices — increasing by nearly

200,000 over 12 months.

The average combined residential sale price (single-family, condominiums, mobile homes) for the year was \$346,679, soaring by 28.17 per cent over the 2005 average of \$250,906.

In its 2007 forecast, CREB said the combined average sale price this year is expected to increase by 7.7 per cent to \$372,673.

In 2006, combined residential sales totalled 32,912, the highest ever recorded and an increase of 4.53 per cent over 2005's figure of 31,456. The forecast for 2007 is a three per cent drop in overall sales.

The average sale price of a Calgary single-family home rose by 38.29 per cent in 2006 from the previous year's average of \$279,393. The average price of a Calgary condo rose by 41.91 per cent in 2006 from 2005's average of \$183,714.

Stammers said the first part of 2006 "set a benchmark for future price increases that likely will not be broken for the next 30 to 50 years."

"The number of first-time buyers may dwindle a bit this year and combined with affordability and more first-time buyers moving to condos, our mar-

ket for single-family will likely slow down a bit," he said.

Stammers said "prices will tend to tighten up into the second quarter when demand is expected to start to influence prices upward."

"More listings means we will not experience a market like we had last winter and spring," he said.

"All indications from other sources that are making predictions for the 2007 marketplace indicate that moderation will be the theme — the market will be moderate compared to 2006."

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