ENBRIDGE INCOME PARTNERS LP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

GLOSSARY

ACFFO	Available cash flow from operations
Canadian L3R Program	Canadian portion of the Line 3 Replacement Program
EBIT	Earnings before interest and income taxes
EIPLP	Enbridge Income Partners LP
Enbridge	Enbridge Inc.
EPI	Enbridge Pipelines Inc.
IDR	Incentive Distribution Right
IJT	International Joint Tariff
MD&A	Management’s Discussion and Analysis
SIR	Special Interest Rights
the Fund	Enbridge Income Fund
the Fund Group	The Fund, ECT, EIPLP and the subsidiaries and investees of EIPLP
the Manager or EMSI	Enbridge Management Services Inc.
TPDR	Temporary Performance Distribution Right

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2017

This Management's Discussion and Analysis (MD&A) dated May 11, 2017 should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto of Enbridge Income Partners LP (EIPLP) as at and for the three months ended March 31, 2017, prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). It should also be read in conjunction with the audited consolidated financial statements and notes thereto and MD&A for the year ended December 31, 2016.

EIPLP is a member of the Fund Group, which also includes Enbridge Commercial Trust (ECT) and Enbridge Income Fund (the Fund). EIPLP holds all of the underlying operating entities of the Fund Group through its subsidiaries and investees. Enbridge Inc. (Enbridge), through its wholly-owned subsidiary Enbridge Management Services Inc. (the Manager or EMSI), is responsible for the operations and day-to-day management of the Fund Group. The Manager also provides administrative and general support services to the Fund Group. The limited partners of EIPLP are ECT and Enbridge and certain of its subsidiaries.

All financial measures presented in this MD&A are expressed in Canadian dollars, unless otherwise indicated. EIPLP supplements the Fund's financial statements and MD&A, and additional information related to EIPLP is available under the Fund's profile on SEDAR at www.sedar.com.

EIPLP conducts its business through three business segments: Liquids Pipelines, Gas Pipelines and Green Power.

Liquids Pipelines
Liquids Pipelines consists of common carrier and contract crude oil, natural gas liquids (NGL) and refined products pipelines, feeder pipelines, gathering systems and terminals in Canada, including Canadian Mainline, Regional Oil Sands System, Southern Lights Pipeline, which includes Southern Lights Canada and Class A units (Southern Lights Class A Units) of certain Enbridge subsidiaries which provide a defined cash flow stream from the United States portion of Southern Lights (Southern Lights US), Bakken System and Feeder Pipelines and Other.

Gas Pipelines
Gas Pipelines includes EIPLP's 50% interest in the Alliance Pipeline system, which transports liquids-rich natural gas from northeast British Columbia, northwest Alberta and the Bakken area of North Dakota to Channahon, Illinois.

Green Power
Green Power consists of wind farms, solar facilities and waste heat recovery facilities located in the provinces of Alberta, Saskatchewan, Ontario and Quebec.

Eliminations and Other
In addition to the segments noted above, Eliminations and Other includes operating and administrative costs and foreign exchange costs which are not allocated to business segments. Also included in Eliminations and Other are new business development activities, general corporate investments and elimination of transactions between segments required to present financial performance and financial position on a consolidated basis.

CONSOLIDATED EARNINGS

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Liquids Pipelines	**518**	1,037
Gas Pipelines	**59**	61
Green Power	**41**	39
Eliminations and Other	**1**	(40)
Earnings before interest and income taxes	**619**	1,097
Interest expense	**(98)**	(96)
Income taxes	**(80)**	(221)
Special interest rights distributions - TPDR[1]	**(66)**	(64)
Special interest rights distributions - IDR[2]	**(12)**	(11)
Earnings attributable to general and limited partners	**363**	705

1 *Temporary Performance Distribution Right (TPDR) distributes Class D units and refers to the paid-in-kind component of the Special Interest Rights (SIR) distribution (see* Liquidity and Capital Resources – Distributions*).*

2 *Incentive Distribution Right (IDR) refers to the cash component of the SIR distribution (see* Liquidity and Capital Resources – Distributions*).*

EARNINGS BEFORE INTEREST AND INCOME TAXES

Earnings before interest and income taxes (EBIT) was $619 million for the three months ended March 31, 2017 compared with $1,097 million for the three months ended March 31, 2016.

The comparability of EIPLP's results was impacted by a number of unusual, non-recurring or non-operating factors that are listed in the Non-GAAP Reconciliation tables and discussed in the results for each reporting segment. Changes in the unrealized derivative fair value gains and losses is a significant non-operating factor. EIPLP has a comprehensive long-term economic hedging program to mitigate interest rate, foreign exchange and commodity price risks that create volatility in short-term earnings. Over the long term, EIPLP believes its hedging program supports reliable cash flows.

The majority of EIPLP's unrealized derivative fair value gains and losses are within its Liquids Pipelines segment, specifically within the Canadian Mainline. Financial derivative instruments are used to hedge exposure to fluctuations in foreign exchange rates, power costs and the price of allowance oil which are inherent in the Competitive Toll Settlement (CTS) which drives Canadian Mainline revenue. For the three months ended March 31, 2017 and 2016, Canadian Mainline recognized net unrealized derivative fair value gains of $155 million and $568 million, respectively.

Excluding the impact of unusual, non-recurring or non-operating factors, EIPLP EBIT decreased in 2017 primarily as a result of a lower average Canadian Mainline International Joint Tariff (IJT) Residual Benchmark Toll and a lower foreign exchange hedge rate used to record Canadian Mainline revenues. For more information on the IJT, refer to *Financial Results – Liquids Pipelines – Canadian Mainline*. As discussed in Adjusted EBIT, EBIT for the balance of the year will reflect the positive effect of an increase in Canadian Mainline IJT Residual Benchmark Toll from US$1.47 to US$1.62 effective April 1, 2017.

Excluding the impact of unrealized derivative fair value gains and losses, the quarter-over-quarter decrease in EBIT was partially offset by stronger contributions from the Gas Pipelines segment, driven by increased earnings at Alliance Pipeline primarily due to higher revenues resulting from strong demand for seasonal firm service.

EARNINGS ATTRIBUTABLE TO GENERAL AND LIMITED PARTNERS

Earnings attributable to the general and limited partners of EIPLP was $363 million for the three months ended March 31, 2017 compared with $705 million for the three months ended March 31, 2016.

In addition to the factors discussed in *Consolidated Earnings – Earnings Before Interest and Income Taxes* above, the change in earnings attributable to general and limited partners period-over-period was also impacted by a decrease in income tax expense, which resulted from the decrease in earnings before income taxes compared to the first quarter of 2016.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about EIPLP and EIPLP's subsidiaries and affiliates, including management's assessment of EIPLP's plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", "likely" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: earnings/(loss) or adjusted earnings/(loss); EBIT or adjusted EBIT; effect of the increase or decrease of the Canadian Mainline IJT Residual Benchmark Toll on adjusted EBIT; available cash flow from operations (ACFFO); cash flows; distributions and policy; costs related to announced projects and projects under construction; in-service dates for announced projects and projects under construction; capital expenditures; recovery of the costs of the Canadian portion of the Line 3 Replacement Program (Canadian L3R Program) through the use of surcharges; actions of regulators; commodity prices; supply forecasts; impact of hedging program; and impact of the Canadian L3R Program on existing integrity programs; outcome of proceedings in respect of the Canadian L3R Program; and sources of liquidity and sufficiency of financial resources.

Although EIPLP believes these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about the following: supply of and demand for crude oil, natural gas, NGL and renewable energy; prices of crude oil, natural gas, NGL and renewable energy; exchange rates; inflation; Canadian pipeline export capacity; levels of competition; interest rates; availability and price of labour and construction materials; operational reliability; customer and regulatory approvals; maintenance of support and regulatory approvals for EIPLP's projects (including the Canadian L3R Program); anticipated in-service dates; weather; credit ratings; capital project funding; earnings/(loss) or adjusted earnings/(loss); EBIT or adjusted EBIT; cash flows and ACFFO; and distributions. Assumptions regarding the expected supply of and demand for crude oil, natural gas, NGL and renewable energy, and the prices of these commodities, are material to and underlie all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for EIPLP's services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which EIPLP operates and may impact levels of demand for EIPLP's services and cost of inputs, and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty, particularly with respect to earnings/(loss), adjusted earnings/(loss), EBIT, adjusted EBIT, ACFFO, cash flows and distributions. The most relevant assumptions associated with forward-looking statements on announced projects and projects under construction, including estimated completion dates and expected capital expenditures, include the following: availability and price of labour and construction materials; effects of inflation and foreign exchange rates on labour and material costs; effects of interest rates on borrowing costs; and impact of weather and customer, government and regulatory approvals on construction and in-service schedules and cost recovery regimes.

EIPLP's forward-looking statements are subject to risks and uncertainties pertaining to distribution policy, operating performance, regulatory parameters, project approval and support, renewals of rights of way, weather, economic and competitive conditions, public opinion, changes in tax laws and tax rates, exchange rates, interest rates, commodity prices, political decisions and supply of and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and EIPLP's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by applicable law, EIPLP assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to EIPLP or persons acting on EIPLP's behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to adjusted EBIT, adjusted earnings and ACFFO. Adjusted EBIT represents EBIT adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. Adjusted earnings represents earnings adjusted for unusual, non-recurring or non-operating factors included in adjusted EBIT, as well as adjustments for unusual, non-recurring or non-operating factors in respect of interest expense and income taxes on a consolidated basis. These factors, referred to as adjusting items, are reconciled and discussed in the financial results sections for the affected business segments.

ACFFO represents cash available to fund distributions on Class A and Class C units, as well as for debt repayments and reserves. ACFFO consists of adjusted EBIT further adjusted for non-cash items, representing cash flow from EIPLP's underlying businesses, less deductions for maintenance capital expenditures, interest expense, applicable taxes and further adjusted for unusual, non-recurring or non-operating factors not indicative of the underlying or sustainable cash flows of the business. ACFFO is important to unitholders as the Fund Group's objective is to provide a predictable flow of distributions to unitholders.

The Manager believes the presentation of adjusted EBIT, adjusted earnings and ACFFO give useful information to partners and unitholders as they provide increased transparency and insight into the performance of EIPLP. The Manager uses adjusted EBIT, adjusted earnings and ACFFO to set targets and to assess the performance of EIPLP. Adjusted EBIT, adjusted earnings and ACFFO are not measures that have standardized meaning prescribed by U.S. GAAP and are not U.S. GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other issuers.

The tables below summarize the reconciliation of the GAAP and non-GAAP measures.

NON-GAAP RECONCILIATION – EBIT TO ADJUSTED EBIT

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Earnings before interest and income taxes	**619**	1,097
Adjusting items[1]:		
Changes in unrealized derivative fair value gains[2]	**(165)**	(614)
Unrealized loss on translation of United States dollar intercompany loan receivable	**6**	60
Leak remediation costs	**7**	-
Leak insurance recoveries	**(3)**	(5)
Other	**-**	15
Adjusted earnings before interest and income taxes	**464**	553

1 The above table summarizes adjusting items by nature. For a detailed listing of adjusting items by segment, refer to individual segment discussions.

2 Changes in unrealized derivative fair value gains and losses are presented net of amounts realized on the settlement of derivative contracts during the applicable period.

NON-GAAP RECONCILIATION – EBIT TO ADJUSTED EARNINGS

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Liquids Pipelines	**361**	447
Gas Pipelines	**57**	49
Green Power	**39**	37
Eliminations and Other	**7**	20
Adjusted earnings before interest and income taxes	**464**	553
Interest expense[1]	**(100)**	(96)
Income taxes[1]	**(37)**	(66)
Special interest rights distributions - TPDR	**(66)**	(64)
Special interest rights distributions - IDR	**(12)**	(11)
Adjusted earnings attributable to general and limited partners	**249**	316

1 These balances are presented net of adjusting items.

Adjusted EBIT

Adjusted EBIT decreased for the first three months of 2017 compared to the same period in 2016. The decrease in adjusted EBIT is primarily attributable to lower contributions from the Liquids Pipelines segment, which was partially offset by stronger contributions from the Gas Pipelines segment as discussed in *Consolidated Earnings – Earnings Before Interest and Income Taxes* above.

Adjusted EBIT for Liquids Pipelines in the first quarter of 2017 was lower than the comparable period in 2016, mainly attributable to a lower quarter-over-quarter average Canadian Mainline IJT Residual Benchmark Toll and a lower foreign exchange hedge rate used to record Canadian Mainline revenues. The IJT Benchmark Toll and its components are set in United States dollars and the majority of EIPLP's foreign exchange risk on Canadian Mainline revenues is hedged. The effective hedge rate for the translation of Canadian Mainline United States dollar transactional revenues for the first quarter of 2017 was $1.04 compared with $1.11 for the corresponding period in 2016. Adjusted EBIT for the balance of the year will reflect the positive effect of an increase in Canadian Mainline IJT Residual Benchmark Toll from US$1.47 to US$1.62 effective April 1, 2017.

Adjusted Earnings Attributable to General and Limited Partners

Adjusted earnings attributable to general and limited partners, referred to as adjusted earnings, decreased by $67 million for the first quarter of 2017 compared to the prior year period largely due to the factors discussed in *Non-GAAP Measures – Adjusted EBIT* above, where were partially offset by lower income tax expense.

NON-GAAP RECONCILIATION – ACFFO

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Adjusted earnings before interest and income taxes	**464**	553
Depreciation and amortization expense	**159**	161
Distributions from Southern Lights Class A units	**5**	5
Cash distributions less than equity earnings	**(11)**	(2)
Maintenance capital expenditures[1]	**(19)**	(25)
Interest expense[2]	**(94)**	(91)
Current income taxes[2]	**(24)**	(18)
Special interest rights distributions - IDR	**(12)**	(11)
Other adjusting items	**7**	(3)
Available cash flow from operations (ACFFO)	**475**	569

1 Maintenance capital expenditures are expenditures that are required for the ongoing support and maintenance of the existing pipeline system or that are necessary to maintain the service capability of the existing assets (including the replacement of components that are worn, obsolete or completing their useful lives). For the purpose of ACFFO, maintenance capital excludes expenditures that extend asset useful lives, increase capacities from existing levels or reduce costs to enhance revenues or provide enhancements to the service capability of the existing assets. Maintenance capital expenditures occur primarily within EIPLP's Liquids Pipelines segment.

2 These balances are presented net of adjusting items.

Available Cash Flow from Operations

ACFFO decreased by $94 million for the three months ended March 31, 2017 compared with the corresponding period of 2016. The decrease in ACFFO was driven by weaker contributions from EIPLP’s Liquids Pipelines segment due to a lower quarter-over-quarter average Canadian Mainline IJT Residual Benchmark Toll and a lower foreign exchange hedge rate used to record Canadian Mainline revenues, as discussed above in *Non-GAAP Measures – Adjusted EBIT*.

RECENT DEVELOPMENTS

Renewal of Line 5 Easement

On January 4, 2017, the Tribal Council of the Bad River Band of Lake Superior Tribe of Chippewa Indians (the Band), located in Wisconsin, issued a press release indicating that the Band had passed a resolution not to renew its interest in certain Line 5 easements through the Bad River Reservation. Line 5 is included within Enbridge’s mainline system and it runs from Superior, Wisconsin to Sarnia, Ontario. The Canadian portion of Line 5 is owned by EIPLP and is located within the Canadian Mainline. The Band’s resolution calls for decommissioning and removal of the pipeline from all Bad River tribal lands and watershed. The Tribal Resolution may impact EIPLP’s ability to operate the Canadian portion of Line 5. Since the Band passed the resolution, the parties have agreed to ongoing discussions with the objective of understanding and resolving the Band’s concerns on a long-term basis.

GROWTH PROJECTS

The following table summarizes the current status of EIPLP's commercially secured projects, organized by business segment.

	Estimated Capital Cost[1]	Expenditures to Date[2]	Expected In-Service Date	Status
(Canadian dollars)				
LIQUIDS PIPELINES				
1. Norlite Pipeline System[3]	$1.3 billion	$1.0 billion	2017	Complete
2. JACOS Hangingstone Project	$0.2 billion	$0.1 billion	2017	Under construction
3. Regional Oil Sands Optimization Project	$2.6 billion	$2.2 billion	2017 (in phases)	Under construction
4. Canadian Line 3 Replacement[4] Program	$4.9 billion	$1.6 billion	2019	Pre-construction

1 *These amounts are estimates and are subject to upward or downward adjustment based on various factors. Where appropriate, the amounts reflect EIPLP's share of joint venture projects.*

2 *Expenditures to date reflect total cumulative expenditures incurred from inception of the project up to March 31, 2017.*

3 *EIPLP will construct and operate the Norlite Pipeline System (Norlite). Keyera Corp. will fund 30% of the project.*

4 *As discussed under* Canadian Line 3 Replacement Program *below, the expected cost and in-service date of this project is under review by EIPLP in light of the schedule for regulatory review and approval communicated by the Minnesota Public Utilities Commission on October 28, 2016.*

The description of each of the above projects is provided in EIPLP's 2016 annual MD&A. Any significant updates since February 17, 2017, the filing of EIPLP's 2016 annual MD&A for the year ended December 31, 2016, are discussed below.

Norlite Pipeline System

Norlite, a new industry diluent pipeline originating at Enbridge's Stonefell Terminal, was placed into commercial service on May 1, 2017. To meet the needs of multiple producers in the Athabasca oil sands region, the 24-inch diameter pipeline provides an initial capacity of approximately 218,000 bpd of diluent, with the potential to be further expanded to approximately 465,000 bpd of capacity with the addition of pump stations.

Canadian Line 3 Replacement Program

In 2014, Enbridge and Enbridge Energy Partners, L.P. jointly announced that shipper support was received for investment in the Line 3 Replacement Program. The Canadian L3R Program will complement existing integrity programs by replacing approximately 1,084 kilometres (673 miles) of the remaining line segments of the existing Line 3 pipeline between Hardisty, Alberta and Gretna, Manitoba.

In April 2016, the National Energy Board (NEB) found that the Canadian L3R Program is in the Canadian public interest and issued final conditions and a recommendation to the Federal Cabinet to issue the Certificate of Public Convenience and Necessity (the Certificate) for the construction and operation of the pipeline and related facilities. Regulatory approval was received from the Government of Canada on November 29, 2016 with no material changes to permit conditions and on December 1, 2016, the NEB issued the Certificate. Once the Certificate was issued, Natural Resources Canada released the final assessment of the upstream GHG emissions, as well as reports summarizing the additional Crown Consultation with Indigenous groups and the public online survey conducted by Natural Resources Canada.

In December 2016, the Manitoba Metis Federation (MMF) and the Association of Manitoba Chiefs (AMC) applied to the Federal Court of Appeal (Federal Court) for leave to judicially review the Government of Canada's decision to approve the Canadian L3R Program. The Federal Court has granted leave to both MMF and AMC to proceed with a judicial review of the Government of Canada's decision to approve the

Canadian L3R Program. The outcome or timing of these proceedings, including their potential impact upon the Canadian L3R Program cannot be predicted at this time.

Enbridge is in the process of obtaining detailed route approval for the replacement pipeline as well as complying with pre-construction conditions, all in advance of any potential construction that may take place in 2017.

Costs of the Canadian L3R Program will be recovered through a 15-year toll surcharge mechanism under the CTS.

FINANCIAL RESULTS

LIQUIDS PIPELINES

Earnings Before Interest and Income Taxes

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Canadian Mainline	**237**	309
Regional Oil Sands System	**93**	93
Southern Lights Pipeline	**24**	22
Bakken System	**6**	3
Feeder Pipelines and Other	**1**	20
Adjusted earnings before interest and income taxes	**361**	447
Canadian Mainline - changes in unrealized derivative fair value gains	**155**	568
Canadian Mainline - leak remediation costs	**(7)**	-
Regional Oil Sands System - leak insurance recoveries	**3**	5
Regional Oil Sands System - make-up rights adjustment[1]	**-**	(14)
Southern Lights Pipeline - changes in unrealized derivative fair value gains	**6**	32
Bakken System - make-up rights adjustment[1]	**-**	(1)
Earnings before interest and income taxes	**518**	1,037

1 Effective January 1, 2017, EIPLP no longer makes such an adjustment to its EBIT.

Additional details on items impacting Liquids Pipelines EBIT include:

- Canadian Mainline EBIT for each period reflected changes in unrealized fair value gains and losses on derivative financial instruments used to manage foreign exchange and commodity price risk inherent within the CTS.
- Canadian Mainline EBIT for the first quarter of 2017 included charges related to the crude oil release on Line 2A, which occurred in February 2017.
- Regional Oil Sands System EBIT for each period included insurance recoveries associated with the Line 37 crude oil release, which occurred in June 2013.
- Southern Lights Pipeline EBIT for each period reflected changes in unrealized fair value gains and losses on derivative financial instruments used to manage foreign exchange risk on United States dollar cash flows from Class A units of certain Enbridge subsidiaries which provide a defined cash flow stream from Southern Lights US.

Canadian Mainline

Canadian Mainline adjusted EBIT decreased in the first quarter of 2017 compared with the corresponding 2016 period, primarily due to a lower average Canadian Mainline IJT Residual Benchmark Toll and a lower foreign exchange hedge rate used to record Canadian Mainline revenues. Throughput on the mainline system was slightly higher than the first quarter of 2016, driven by continued strong oil sands production and downstream demand. Mainline throughput as measured at the Canada/United States border at Gretna, Manitoba saw record throughput of 2.65 million barrels per day (bpd) in the month of January 2017. The mainline system continued to be subject to apportionment of heavy crudes, as nominated volumes exceeded capacity on portions of the system in the first quarter of 2017.

As noted above, a lower average Canadian Mainline IJT Residual Benchmark Toll was a key driver of the quarter-over-quarter decrease in Canadian Mainline adjusted EBIT. Changes in the Canadian Mainline IJT Residual Benchmark Toll are inversely related to Enbridge's Lakehead System Toll, which was higher in the first quarter of 2017. Adjusted EBIT for the balance of the year will reflect the positive effect of an increase in Canadian Mainline IJT Residual Benchmark Toll from US$1.47 to US$1.62 effective April 1, 2017.

Supplemental information related to the Canadian Mainline for the three months ended March 31, 2017 and 2016 is provided below:

March 31,	**2017**	2016
(United States dollars per barrel)		
IJT Benchmark Toll[1]	**$4.05**	$4.07
Lakehead System Local Toll[2]	**$2.58**	$2.44
Canadian Mainline IJT Residual Benchmark Toll[3]	**$1.47**	$1.63

1 *The IJT Benchmark Toll is per barrel of heavy crude oil transported from Hardisty, Alberta to Chicago, Illinois. A separate distance adjusted toll applies to shipments originating at receipt points other than Hardisty and lighter hydrocarbon liquids pay a lower toll than heavy crude oil. Effective July 1, 2016, this toll decreased to US$4.05.*

2 *The Lakehead System Local Toll is per barrel of heavy crude oil transported from Neche, North Dakota to Chicago, Illinois. Effective April 1, 2016, this toll increased to US$2.61 and effective July 1, 2016, this toll decreased to US$2.58. Effective April 1, 2017, this toll decreased to US$2.43.*

3 *The Canadian Mainline IJT Residual Benchmark Toll is per barrel of heavy crude oil transported from Hardisty, Alberta to Gretna, Manitoba. For any shipment, this toll is the difference between the IJT Benchmark Toll and the Lakehead System Local Toll. Effective April 1, 2016, this toll decreased to US$1.46, coinciding with the revised Lakehead System Local Toll. Effective July 1, 2016, this toll increased to US$1.47. Effective April 1, 2017, this toll increased to US$1.62, coinciding with the revised Lakehead System Local Toll.*

	Three months ended March 31,	
	2017	2016
(thousands of bpd)		
Average throughput volume[1]	**2,593**	2,543

1 *Average throughput volume represents mainline deliveries ex-Gretna, Manitoba which is made up of United States and eastern Canada deliveries originating from western Canada.*

Other factors contributing to the decrease in quarter-over-quarter adjusted EBIT included the absence of hydro test surcharge revenue on a portion of the Canadian Mainline and a lower foreign exchange hedge rate used to record Canadian Mainline revenues. The majority of EIPLP's foreign exchange risk on Canadian Mainline revenue is hedged. For the three months ended March 31, 2017, the effective hedged rate for the translation of Canadian Mainline United States dollar transactional revenues was $1.04 compared with $1.11 for the corresponding 2016 period.

Feeder Pipelines and Other

Feeder Pipelines and Other adjusted EBIT decreased in the first quarter of 2017 compared with the first quarter of 2016, primarily reflecting the absence of EBIT from the South Prairie Region assets that were sold in December 2016.

GAS PIPELINES

Earnings Before Interest and Income Taxes

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Gas Pipelines	**57**	49
Adjusted earnings before interest and income taxes	**57**	49
Gas Pipelines - changes in unrealized derivative fair value gains	**2**	12
Earnings before interest and income taxes	**59**	61

Gas Pipelines adjusted EBIT, which comprises equity earnings from EIPLP's 50% equity investment in Alliance Pipeline, increased in the first quarter of 2017 compared to the corresponding quarter of 2016, primarily due to higher revenues resulting from strong demand for seasonal firm service.

Throughput Volume

	Three months ended March 31,	
	2017	2016
(millions of cubic feet per day)		
Average throughput volume		
Alliance Pipeline Canada	**1,629**	1,659
Alliance Pipeline US	**1,724**	1,757

GREEN POWER

Earnings Before Interest and Income Taxes

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Green Power	**39**	37
Adjusted earnings before interest and income taxes	**39**	37
Green Power - changes in unrealized derivative fair value gains	**2**	2
Earnings before interest and income taxes	**41**	39

Green Power adjusted EBIT for the three months ended March 31, 2017 was comparable with the corresponding 2016 period.

Production

	Three months ended March 31,	
	2017	2016
(thousands of megawatt hours produced)		
Wind Facilities	**706**	720
Solar Facilities	**26**	27
Waste Heat Facilities	**28**	26

ELIMINATIONS AND OTHER
Earnings Before Interest and Income Taxes

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Dividend income from affiliate	**10**	10
Realized gains on translation of United States dollar intercompany loan receivable	**-**	9
Other	**(3)**	1
Adjusted earnings before interest and income taxes	**7**	20
Unrealized loss on translation of United States dollar intercompany loan receivable	**(6)**	(60)
Earnings/(loss) before interest and income taxes	**1**	(40)

Eliminations and Other primarily includes dividend income from EIPLP's Series A Preferred Shares investment Enbridge Employee Services Canada Inc. and realized foreign exchange gains generated from repayments received from a subsidiary on an intercompany loan receivable denominated in United States dollars.

LIQUIDITY AND CAPITAL RESOURCES

EIPLP's primary uses of cash are distributions to its partners, administrative and operational expenses, maintenance and growth capital spending, as well as interest and principal repayments on its long-term debt. EIPLP generates cash from operations, commercial paper issuances and credit facility draws, through the periodic issuance of public term debt and issuance of units to its partners. Additionally, to ensure ongoing liquidity and to mitigate the risk of capital market disruption, EIPLP maintains a level of committed bank credit facilities. In addition to ensuring adequate liquidity, EIPLP actively manages its bank funding sources to optimize pricing and other terms. All of the above noted debt, commercial paper and credit facilities are held through EIPLP's wholly-owned subsidiary, Enbridge Pipelines Inc. (EPI). Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge, the Fund or other related entities.

BANK CREDIT AND LIQUIDITY
Long-term debt primarily consists of committed credit facilities and medium-term notes. As at March 31, 2017, EIPLP had $3,005 million (December 31, 2016 - $3,005 million) of committed credit facilities, of which $1,867 million (December 31, 2016 - $1,973 million) were unutilized. EPI must adhere to covenants under its credit facility agreement and Trust Indenture. Under the terms of EPI's Trust Indenture, in order to continue to issue long-term debt, EPI must maintain a ratio of Consolidated Funded Obligations to Total Consolidated Capitalization of less than 75%. Total Consolidated Capitalization consists of shareholder's equity, long-term debt and deferred income taxes. As at March 31, 2017, EPI was in compliance with all debt covenants.

EIPLP's net available liquidity of $1,978 million, as at March 31, 2017, was inclusive of $415 million of unrestricted cash and cash equivalents and net of bank indebtedness of $304 million. The net available liquidity, together with cash from operations, intercompany funding and proceeds of debt capital market transactions, is expected to be sufficient to finance capital expenditures requirements, fund liabilities as they become due, fund debt retirements and pay distributions.

SOURCES AND USES OF CASH

(millions of Canadian dollars)	Three months ended March 31, 2017	2016
Operating activities	**562**	600
Investing activities	**(450)**	(738)
Financing activities	**10**	432
Effect of translation of foreign denominated cash and cash equivalents	**-**	(1)
Increase in cash and cash equivalents	**122**	293

Significant sources and uses of cash for the three months ended March 31, 2017 and March 31, 2016 are summarized below:

Operating Activities

- The decrease in cash provided by operating activities for the three months ended March 31, 2017 is driven by lower earnings in EIPLP's Liquids Pipelines segment, largely due to a lower average Canadian Mainline IJT Residual Benchmark Toll and lower foreign exchange hedge rate used to record Canadian Mainline revenues.
- EIPLP's operating assets and liabilities fluctuate in the normal course due to various factors including the timing of tax payments, general variations in activity levels within EIPLP's businesses, as well as timing of cash receipts and payments.

Investing Activities

EIPLP continues to execute its growth capital program, described in *Growth Projects*. The timing of project approval, construction and in-service dates will impact the timing of cash requirements.

A summary of additions to property, plant and equipment for the three months ended March 31, 2017 and March 31, 2016 is set out below:

(millions of Canadian dollars)	Three months ended March 31, 2017	2016
Liquids Pipelines	**400**	707
Green Power	**1**	-
Total capital expenditures	**401**	707

- EIPLP continues with the execution of its growth capital program which is further described in *Growth Projects*. The timing of project approval, construction and in-service dates impacts the timing of cash requirements. For the three months ended March 31, 2017, additions to property, plant and equipment resulted in cash spending of $401 million compared with $707 million spent in the corresponding 2016 period.

Financing Activities

- Cash provided by financing activities decreased for the first quarter of 2017 compared with the corresponding period of 2016, which is primarily attributed to decreased commercial paper and credit facilities draws, partially offset by an increase in affiliated loans issued to EIPLP by its affiliates. The decrease in cash provided by financing activities is largely due to lower capital expenditures in 2017, as discussed above in *Investing Activities*.
- The cash inflow from EIPLP's financing activities will be used to fund EIPLP's secured growth capital programs.

Distributions
The following tables summarize the cash and non-cash distributions declared by EIPLP for the three months ended March 31, 2017 and 2016.

Class A Units

	2017		2016	
	Distribution per Unit[1]	Total	Distribution per Unit[1]	Total
(millions of Canadian dollars, except distribution rate)				
Three months ended March 31,	**0.5760**	**220**	0.5585	199

1 Class A unit distributions are declared monthly and paid in cash in the following month.

Class C Units

	2017		2016	
	Distribution per Unit[1]	Total	Distribution per Unit[1]	Total
(millions of Canadian dollars, except distribution rate)				
Three months ended March 31,	**0.5376**	**238**	0.5376	237

1 Class C unit distributions are declared monthly and paid in cash in the following month.

Class D Units

	2017		2016	
	Distribution per Unit[1]	Total	Distribution per Unit[1]	Total
(millions of Canadian dollars, except distribution rate)				
Three months ended March 31,	**0.5376**	**6**	0.5376	1

1 Class D unit distributions are declared monthly and paid-in-kind with the issuance of additional Class D units in the following month.

Special Interest Rights – TPDR

	2017	2016
	Total[1]	Total[1]
(millions of Canadian dollars)		
Three months ended March 31,	**66**	64

1 TPDR distributions are declared monthly and paid-in-kind to holders of the SIR with the issuance of additional Class D units in the following month.

Special Interest Rights – IDR

	2017	2016
	Total[1]	Total[1]
(millions of Canadian dollars)		
Three months ended March 31,	**12**	11

1 IDR distributions are declared monthly and paid in cash to holders of the SIR in the following month.

CAPITAL EXPENDITURE COMMITMENTS
EIPLP has signed contracts for the purchase of services, pipe and other materials totalling $396 million, which are expected to be paid over the next five years.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Maintaining a reliable and low risk business model is central to EIPLP's objective of paying out a predictable cash flow to unitholders. The Fund Group actively manages both financial and non-financial risk exposures. The Fund Group performs an annual corporate risk assessment to identify all potential risks. Risks are ranked based on severity and likelihood both before and after mitigating actions. In addition, the Fund Group has adopted a Cash Flow at Risk (CFAR) policy to manage exposure to movements in interest rates, foreign exchange rates and commodity prices. CFAR is a statistically derived measurement that quantifies the maximum adverse impact on cash flows over a specified period of time within a pre-defined level of statistical confidence. The Fund Group's CFAR limit has been set at 2.5% of forward annual ACFFO of the Fund Group.

EIPLP's earnings, cash flows and other comprehensive income (OCI) are subject to movements in foreign exchange rates, interest rates and commodity prices. EIPLP uses a combination of qualifying and non-qualifying derivative instruments to manage these risks. Refer to EIPLP's 2016 Annual MD&A for further details on financial instrument risk management.

THE EFFECT OF DERIVATIVE INSTRUMENTS ON THE CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

The following table presents the effect of derivative instruments on EIPLP's consolidated earnings and consolidated comprehensive income.

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Amount of unrealized gains/(loss) recognized in OCI		
Cash flow hedges		
Foreign exchange contracts	**-**	(1)
Interest rate contracts	**(12)**	(148)
Commodity contracts	**20**	12
	8	(137)
Amount of (gains)/loss reclassified from Accumulated other comprehensive income (AOCI) to earnings *(effective portion)*		
Interest rate contracts[1]	**5**	3
Commodity contracts[2]	**(2)**	(3)
	3	-
Amount of (gains)/loss reclassified from AOCI to earnings *(ineffective portion and amount excluded from effectiveness testing)*		
Interest rate contracts[1]	**1**	-
	1	-
Amount of unrealized gains/(loss) from non-qualifying derivatives included in earnings		
Foreign exchange contracts[3]	**161**	641
Commodity contracts[2]	**(1)**	(14)
	160	627

1 Reported within Interest expense in the Consolidated Statements of Earnings.

2 Reported within Transportation and other services revenues, Electricity sales revenues, Operating and administrative expense and Other expense in the Consolidated Statements of Earnings.

3 Reported within Transportation and other services revenues and Other expense in the Consolidated Statements of Earnings.

LIQUIDITY RISK

Liquidity risk is the risk that EIPLP will not be able to meet its financial obligations, including commitments and guarantees, as they become due. In order to mitigate this risk, EIPLP forecasts cash requirements over a 12 month rolling time period to determine whether sufficient funds will be available. EIPLP maintains a level of committed bank credit facilities and actively manages its bank funding sources to optimize pricing and other terms. Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge or other related entities. EIPLP's subsidiary, EPI, is in compliance with all the terms and conditions of its committed credit facilities as at March 31, 2017.

CREDIT RISK

Entering into derivative financial instruments may result in exposure to credit risk from the possibility that a counterparty will default on its contractual obligations. Credit risk also arises from trade and other long-term receivables. These risks are mitigated through credit exposure limits and contractual requirements, netting arrangements and ongoing monitoring of counterparty credit exposure using external credit rating services and other analytical tools. Refer to EIPLP's 2016 Annual MD&A for further details on EIPLP credit risk management.

CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS

Simplifying the Measurement of Goodwill Impairment

Effective January 1, 2017, EIPLP early adopted Accounting Standards Update (ASU) 2017-04 and applied the standard on a prospective basis. Under the new guidance, goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value; this amount should not exceed the carrying amount of goodwill. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Clarifying the Definition of a Business in an Acquisition

Effective January 1, 2017, EIPLP early adopted ASU 2017-01 on a prospective basis. The new standard was issued with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Accounting for Intra-Entity Asset Transfers

Effective January 1, 2017, EIPLP early adopted ASU 2016-16 on a modified retrospective basis. The new standard was issued with the intent of improving the accounting for the income tax consequences of intra-entity asset transfers other than inventory. Under the new guidance, an entity should recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

FUTURE ACCOUNTING POLICY CHANGES

Accounting for Credit Losses

ASU 2016-13 was issued in June 2016 with the intent of providing financial statement users with more useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. Current treatment uses the incurred loss methodology for recognizing credit losses that delays the recognition until it is probable a loss has been incurred. The amendment adds a new impairment model, known as the current expected credit loss model that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the Financial Accounting Standards Board believes will result in more timely recognition of such losses. EIPLP is currently assessing the impact of the new standard on its consolidated financial statements. The accounting update is effective for annual and interim periods beginning on or after December 15, 2019.

Recognition of Leases
ASU 2016-02 was issued in February 2016 with the intent to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing additional key information about leasing arrangements. EIPLP is currently assessing the impact of the new standard on its consolidated financial statements. The accounting update is effective for fiscal years beginning after December 15, 2018, and is to be applied using a modified retrospective approach.

Revenue from Contracts with Customers
ASU 2014-09 was issued in 2014 with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements. The standard is effective January 1, 2018. The new revenue standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. EIPLP is currently assessing which transition method to use.

EIPLP has reviewed a sample of its revenue contracts in order to evaluate the effect of the new standard on its revenue recognition practices. Based on EIPLP's initial assessment, estimates of variable consideration which will be required under the new standard for certain Liquids Pipelines and Green Power revenue contracts as well as the allocation of the transaction price for certain Liquids Pipelines revenue contracts, may result in changes to the pattern or timing of revenue recognition for those contracts. While EIPLP has not yet completed the assessment, EIPLP's preliminary view is that it does not expect these changes will have a material impact on revenue or earnings/(loss). EIPLP is also developing processes to generate the disclosures required under the new standard.

QUARTERLY FINANCIAL INFORMATION[1]

	2017	2016				2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(millions of Canadian dollars)								
Revenues	**1,021**	787	853	742	1,540	747	180	1,007
Earnings/(loss) attributable to general and limited partners	**363**	890	221	172	705	228	(274)	469

1 *Revenues and Earnings/(loss) attributable to general and limited partners are impacted by changes in unrealized derivative fair value gains and losses on derivatives.*

Several factors impact comparability of EIPLP's financial results on a quarterly basis, including, but not limited to, fluctuations in market prices such as foreign exchange rates and commodity prices, disposals of investments or assets and the timing of in-service dates of new projects.

EIPLP actively manages its exposure to market risks including, but not limited to, commodity prices, interest rates and foreign exchange rates. To the extent derivative instruments used to manage these risks are non-qualifying for the purposes of applying hedge accounting, changes in unrealized derivative fair value gains and losses on these instruments will impact earnings.

Finally, EIPLP undertook a substantial capital program in recent years and the timing of construction and completion of growth projects may impact the comparability of quarterly results. EIPLP's capital expansion initiatives, including construction commencement and in-service dates, are described in *Growth Projects.*

Significant items that have impacted quarterly financial information are as follows:

- Included in the fourth quarter of 2016 was a pre-tax gain of $850 million related to the disposition of the South Prairie Region assets within the Liquids Pipelines segment.
- Included in the second and third quarters of 2016 were after-tax costs of $15 million and $13 million, respectively, incurred in relation to the restart of certain of EIPLP's pipelines and facilities following the northeastern Alberta wildfires.
- EIPLP issued 25.4 million Class A units to ECT in April 2016. The proceeds were used to fund EIPLP's secured growth program.
- Beginning in the third quarter of 2015, EIPLP began making TPDR distributions to the holders of its SIR. EIPLP also began making IDR distributions to the holders of its SIR during the first quarter of 2016.
- EIPLP's Green Power segment is subject to seasonal variations. This is driven by generally stronger wind resources in the first and fourth quarters and stronger solar resources in the second and third quarters. Although these trends are offsetting, revenues and earnings are generally expected to be lowest in the third quarter, attributable to seasonally weaker wind resources.
- The timing of construction and completion of growth projects may impact the comparability of EIPLP's quarterly results. EIPLP's capital expansion initiatives, including construction commencement and expected in-service dates, are described in *Growth Projects*.

EIPLP OWNERSHIP

The following presents the partners' ownership of EIPLP:

	As at April 28, 2017
(number of units outstanding)	
Class A Units	
Held by Enbridge Income Partners GP Inc.	38,226
Held by Enbridge Commercial Trust	382,225,941
	382,264,167
Class C units[1]	
Held by Enbridge Inc.	442,923,363
Class D units[2]	
Held by Enbridge Inc.	12,778,273
Class E unit	
Held by Enbridge Inc.	1
Special Interest Rights - SIR	
Held by Enbridge Inc.	1,000

1 Class C units may, at the option of the holder, be exchanged in whole or in part for preferred units of ECT, Fund Units or Enbridge Income Fund Holdings Inc. common shares.

2 The Class D units may, at the option of the holder, be exchanged for Class C units commencing on the fourth anniversary of the year of issuance.

ENBRIDGE INCOME PARTNERS LP

CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

March 31, 2017

CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended March 31,	
	2017	2016
(unaudited; millions of Canadian dollars)		
Revenues		
Transportation and other services	**937**	1,462
Electricity sales	**73**	66
Revenues - affiliates	**11**	12
	1,021	1,540
Expenses		
Operating and administrative	**221**	203
Operating and administrative, net - affiliates	**109**	139
Depreciation and amortization	**159**	161
Environmental costs, net of recoveries	**(4)**	(5)
	485	498
	536	1,042
Income from equity investments	**59**	52
Other expense	**(1)**	(23)
Other income - affiliates	**25**	26
Interest expense	**(32)**	(31)
Interest expense - affiliates	**(66)**	(65)
	521	1,001
Income taxes *(Note 7)*	**(80)**	(221)
Earnings	**441**	780
Special interest rights distributions		
Temporary performance distribution rights	**(66)**	(64)
Incentive distribution rights	**(12)**	(11)
Earnings attributable to general and limited partners	**363**	705
Earnings attributable to general partner interest	**-**	-
Earnings attributable to limited partners' interests	**363**	705
	363	705

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31,	
	2017	2016
(unaudited; millions of Canadian dollars)		
Earnings	**441**	780
Other comprehensive income/(loss), net of tax		
Change in unrealized gains/(loss) on cash flow hedges	**7**	(100)
Reclassification to earnings of realized cash flow hedges	**4**	-
Reclassification to earnings of unrealized cash flow hedges	**(1)**	-
Change in foreign currency translation adjustment	**(4)**	(34)
Other comprehensive income/(loss), net of tax	**6**	(134)
Comprehensive income attributable to general and limited partners	**447**	646

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	Three months ended March 31,	
	2017	2016
(unaudited; millions of Canadian dollars)		
General partner's interest		
Balance at beginning of period	**(8,758)**	(6,420)
Allocation from limited partners	**-**	(410)
Balance at end of period	**(8,758)**	(6,830)
Limited partners' interests - Enbridge Commercial Trust		
Balance at beginning of period - limited partners' interests	**-**	-
Excess purchase price over historical carrying value acquired allocation	**-**	(6)
Redemption value adjustment attributable to Class C and D units	**698**	(523)
Earnings allocation	**174**	318
Distributions	**(220)**	(199)
	652	(410)
Allocation to general partner	**-**	410
Balance at end of period	**652**	-
Special interest rights		
Balance at beginning and end of period	**2,565**	2,565
Accumulated other comprehensive loss *(Note 5)*		
Balance at beginning of period	**(196)**	(84)
Other comprehensive income/(loss), net of tax	**6**	(134)
Balance at end of period	**(190)**	(218)
Total partners' deficit	**(5,731)**	(4,483)

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
	2017	2016
(unaudited; millions of Canadian dollars)		
Operating activities		
Earnings	**441**	780
Depreciation and amortization	**159**	161
Deferred income taxes	**57**	202
Changes in unrealized gains on derivative instruments, net *(Note 6)*	**(160)**	(627)
Cash distributions less than equity earnings	**(11)**	(2)
Unrealized loss on foreign intercompany loan *(Note 6)*	**6**	59
Other	**5**	3
Changes in operating assets and liabilities	**65**	24
	562	600
Investing activities		
Additions to property, plant and equipment	**(401)**	(707)
Joint venture financing	**(39)**	(10)
Restricted long-term investments	**(13)**	(11)
Additions to intangible assets	**(1)**	(1)
Long-term receivable from affiliate *(Note 6)*	**4**	5
Acquisitions	**-**	(13)
Changes in restricted cash	**-**	(1)
	(450)	(738)
Financing activities		
Affiliate loans, net	**237**	22
Net change in bank indebtedness and short-term borrowings	**133**	260
Net change in commercial paper and credit facility draws	**108**	575
Distributions to partners	**(468)**	(425)
	10	432
Effect of translation of foreign denominated cash and cash equivalents	**-**	(1)
Increase in cash and cash equivalents	**122**	293
Cash and cash equivalents at beginning of period	**293**	129
Cash and cash equivalents at end of period	**415**	422

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited; millions of Canadian dollars)	**March 31, 2017**	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	**415**	293
Accounts receivable and other	**542**	550
Accounts receivable from affiliates	**52**	42
Loans to affiliates	**3**	3
	1,012	888
Property, plant and equipment, net	**22,691**	22,455
Long-term receivable from affiliate	**770**	782
Investment in affiliated company	**514**	514
Long-term investments	**479**	470
Restricted long-term investments	**96**	83
Deferred amounts and other assets	**1,798**	1,736
Intangible assets, net	**104**	103
Goodwill	**29**	29
Deferred income taxes	**193**	202
	27,686	27,262
Liabilities and partners' capital		
Current liabilities		
Bank indebtedness	**304**	171
Accounts payable and other	**825**	824
Accounts payable to affiliates	**479**	487
Distributions payable to affiliates	**181**	179
Interest payable	**56**	56
Loans from affiliates	**678**	441
Current maturities of long-term debt	**16**	16
	2,539	2,174
Long-term debt	**6,149**	6,043
Other long-term liabilities	**1,801**	1,939
Loans from affiliates	**5,801**	5,801
Deferred income taxes	**1,888**	1,774
	18,178	17,731
Commitments and contingencies		
Class C units *(Note 4)*	**14,373**	15,104
Class D units *(Note 4)*	**391**	341
Class E unit	**475**	475
	15,239	15,920
Partners' capital		
General partner's capital deficit	**(8,758)**	(8,758)
Limited partners' capital	**652**	-
Special interest rights	**2,565**	2,565
Accumulated other comprehensive loss *(Note 5)*	**(190)**	(196)
	(5,731)	(6,389)
	27,686	27,262

See accompanying notes to the unaudited interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Enbridge Income Partners LP (EIPLP) have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) for interim consolidated financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete consolidated financial statements and should be read in conjunction with EIPLP's audited consolidated financial statements and notes thereto for the year ended December 31, 2016. In the opinion of management, the interim consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, which EIPLP considers necessary to present fairly its financial position as at March 31, 2017 and results of operations and cash flows for the three months ended March 31, 2017 and 2016. These interim consolidated financial statements follow the same significant accounting policies as those included in EIPLP's consolidated financial statements as at and for the year ended December 31, 2016, except for the adoption of new standards *(Note 2)*. Amounts are stated in Canadian dollars unless otherwise noted.

EIPLP's operations and earnings for interim periods can be affected by seasonal fluctuations such as the supply of and demand for crude oil and natural gas.

2. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS

Simplifying the Measurement of Goodwill Impairment

Effective January 1, 2017, EIPLP early adopted Accounting Standards Update (ASU) 2017-04 and applied the standard on a prospective basis. Under the new guidance, goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value; this amount should not exceed the carrying amount of goodwill. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Clarifying the Definition of a Business in an Acquisition

Effective January 1, 2017, EIPLP early adopted ASU 2017-01 on a prospective basis. The new standard was issued with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Accounting for Intra-Entity Asset Transfers

Effective January 1, 2017, EIPLP early adopted ASU 2016-16 on a modified retrospective basis. The new standard was issued with the intent of improving the accounting for the income tax consequences of intra-entity asset transfers other than inventory. Under the new guidance, an entity should recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

FUTURE ACCOUNTING POLICY CHANGES

Accounting for Credit Losses

ASU 2016-13 was issued in June 2016 with the intent of providing financial statement users with more useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. Current treatment uses the incurred loss methodology for recognizing credit losses that delays the recognition until it is probable a loss has been incurred. The amendment adds a new impairment model, known as the current expected credit loss model that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the Financial Accounting Standards Board believes will result in more timely recognition of such losses. EIPLP is currently assessing the impact of the new standard on its consolidated financial statements. The accounting update is effective for annual and interim periods beginning on or after December 15, 2019.

Recognition of Leases
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Revenue from Contracts with Customers
ASU 2014-09 was issued in 2014 with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements. The standard is effective January 1, 2018. The new revenue standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. EIPLP is currently assessing which transition method to use.

EIPLP has reviewed a sample of its revenue contracts in order to evaluate the effect of the new standard on its revenue recognition practices. Based on EIPLP's initial assessment, estimates of variable consideration which will be required under the new standard for certain Liquids Pipelines and Green Power revenue contracts as well as the allocation of the transaction price for certain Liquids Pipelines revenue contracts, may result in changes to the pattern or timing of revenue recognition for those contracts. While EIPLP has not yet completed the assessment, EIPLP's preliminary view is that it does not expect these changes will have a material impact on revenue or earnings/(loss). EIPLP is also developing processes to generate the disclosures required under the new standard.

3. SEGMENTED INFORMATION

Three months ended March 31, 2017	Liquids Pipelines	Gas Pipelines	Green Power	Eliminations and Other	Consolidated
(millions of Canadian dollars)					
Revenues	**938**	**-**	**83**	**-**	**1,021**
Operating and administrative	**(311)**	**-**	**(16)**	**(3)**	**(330)**
Depreciation and amortization	**(132)**	**-**	**(27)**	**-**	**(159)**
Environmental costs, net of recoveries	**4**	**-**	**-**	**-**	**4**
	499	**-**	**40**	**(3)**	**536**
Income from equity investments	**-**	**58**	**1**	**-**	**59**
Other income	**19**	**1**	**-**	**4**	**24**
Earnings before interest and income taxes	**518**	**59**	**41**	**1**	**619**
Interest expense					**(98)**
Income taxes					**(80)**
Special interest rights distributions					**(78)**
Earnings attributable to general and limited partners					**363**
Additions to property, plant and equipment	**400**	**-**	**1**	**-**	**401**

Three months ended March 31, 2016	Liquids Pipelines	Gas Pipelines	Green Power	Eliminations and Other	Consolidated
(millions of Canadian dollars)					
Revenues	1,459	-	81	-	1,540
Operating and administrative	(326)	-	(16)	-	(342)
Depreciation and amortization	(134)	-	(27)	-	(161)
Environmental costs, net of recoveries	5	-	-	-	5
	1,004	-	38	-	1,042
Income from equity investments	-	52	-	-	52
Other income/(expense)	33	9	1	(40)	3
Earnings/(loss) before interest and income taxes	1,037	61	39	(40)	1,097
Interest expense					(96)
Income taxes					(221)
Special interest rights distributions					(75)
Earnings attributable to general and limited partners					705
Additions to property, plant and equipment	707	-	-	-	707

TOTAL ASSETS

	March 31, 2017	December 31, 2016
(millions of Canadian dollars)		
Liquids Pipelines	**23,979**	23,659
Gas Pipelines	**431**	423
Green Power	**2,240**	2,254
Eliminations and Other	**1,036**	926
	27,686	27,262

4. PARTNERS' INTERESTS

EXCHANGEABLE UNITS
Class C Units

Three months ended March 31,	**2017** Number of units	**2017** Amount	2016 Number of units	2016 Amount
(millions of Canadian dollars; number of units in millions)				
Balance at beginning of period	**443**	**15,104**	443	12,189
Excess purchase price over historical carrying value acquired allocation	**-**	**-**	-	(7)
Earnings allocation	**-**	**184**	-	384
Class C unit distribution	**-**	**(238)**	-	(237)
	443	**15,050**	443	12,329
Fair market value adjustment	**-**	**(677)**	-	520
Balance at end of period	**443**	**14,373**	443	12,849

Class D Units

Three months ended March 31,	**2017** Number of units	**2017** Amount	2016 Number of units	2016 Amount
(millions of Canadian dollars; number of units in millions)				
Balance at beginning of period	**10**	**341**	1	38
Class D units issued[1]	**2**	**72**	2	58
Earnings allocation	**-**	**5**	-	3
Class D unit distribution[2]	**-**	**(6)**	-	(1)
	12	**412**	3	98
Fair market value adjustment	**-**	**(21)**	-	3
Balance at end of period	**12**	**391**	3	101

1 Class D units issued on payment of Temporary Performance Distribution Right distributions.
2 0.2 million Class D units issued on payment of Class D unit distributions.

5. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss (AOCI) for the three months ended March 31, 2017

	Cash Flow Hedges	Cumulative Translation Adjustment	Total
(millions of Canadian dollars)			
Balance at January 1, 2017	**(269)**	**73**	**(196)**
Other comprehensive income/(loss) retained in AOCI	**10**	**(4)**	**6**
Other comprehensive (income)/loss reclassified to earnings			
Interest rate contracts[1]	**6**	**-**	**6**
Commodity contracts[2]	**(2)**	**-**	**(2)**
	14	**(4)**	**10**
Tax impact			
Income tax on amounts retained in AOCI	**(3)**	**-**	**(3)**
Income tax on amounts reclassified to earnings	**(1)**	**-**	**(1)**
	(4)	**-**	**(4)**
Balance at March 31, 2017	**(259)**	**69**	**(190)**

	Cash Flow Hedges	Cumulative Translation Adjustment	Total
(millions of Canadian dollars)			
Balance at January 1, 2016	(172)	88	(84)
Other comprehensive loss retained in AOCI	(137)	(34)	(171)
Other comprehensive (income)/loss reclassified to earnings			
Interest rate contracts[1]	3	-	3
Commodity contracts[2]	(3)	-	(3)
	(137)	(34)	(171)
Tax impact			
Income tax on amounts retained in AOCI	37	-	37
	37	-	37
Balance at March 31, 2016	(272)	54	(218)

1 Reported within Interest expense in the Consolidated Statements of Earnings.
2 Reported within Electricity sales revenues and Other income/(expense) in the Consolidated Statements of Earnings.

6. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

MARKET RISK

EIPLP's earnings, cash flows and other comprehensive income (OCI) are subject to movements in foreign exchange rates, interest rates, and commodity prices (collectively, market risk). Formal risk management policies, processes and systems have been designed to mitigate these risks.

The following summarizes the types of market risks to which EIPLP is exposed and the risk management instruments used to mitigate them. EIPLP uses a combination of qualifying and non-qualifying derivative instruments to manage the risks noted below.

Interest Rate Risk

EIPLP's earnings, cash flows and OCI are exposed to short-term interest rate variability due to the regular repricing of its variable rate debt, primarily commercial paper. Pay fixed-receive floating interest rate swaps are used to hedge against the effect of future interest rate movements. EIPLP has implemented a program to significantly mitigate the volatility of short-term interest rates on interest expense with the execution of floating to fixed rate interest rate swaps with an average swap rate of 2.0%.

EIPLP's earnings, cash flows and OCI are also exposed to variability in longer term interest rates ahead of anticipated fixed rate debt issuances. Forward starting interest rate swaps are used to hedge against the effect of future interest rate movements. EIPLP has implemented a program to significantly mitigate its exposure to long-term interest rate variability on select forecast term debt issuances with the execution of floating to fixed rate interest rate swaps with an average swap rate of 3.1%.

EIPLP's portfolio mix of fixed and variable rate debt instruments is managed at the Fund Group level, which is comprised of Enbridge Income Fund, Enbridge Commercial Trust, EIPLP and its subsidiaries and investees.

Foreign Exchange Risk

EIPLP generates certain revenues, incurs expenses and holds investments and subsidiaries that are denominated in currencies other than Canadian dollars. As a result, EIPLP's earnings, cash flows and OCI are exposed to fluctuations resulting from foreign exchange rate variability.

EIPLP has implemented a policy whereby, at a minimum, it hedges a level of foreign currency denominated cash flow exposures over a five year forecast horizon. A combination of qualifying and non-qualifying derivative instruments is used to hedge anticipated foreign currency denominated revenues and expenses, and to manage variability in cash flows.

Commodity Price Risk

EIPLP's earnings, cash flows and OCI are exposed to changes in commodity prices as a result of its ownership interest in certain assets and investments. These commodities primarily consist of crude oil and power. EIPLP employs financial derivative instruments to fix a portion of the variable price exposures that arise from physical transactions involving these commodities. EIPLP may use a combination of qualifying and non-qualifying derivative instruments to manage commodity price risk.

TOTAL DERIVATIVE INSTRUMENTS

The following table summarizes the Consolidated Statements of Financial Position location and carrying value of EIPLP's derivative instruments.

EIPLP generally has a policy of entering into individual International Swaps and Derivatives Association, Inc. agreements, or other similar derivative agreements, with the majority of its derivative counterparties. These agreements provide for the net settlement of derivative instruments outstanding with specific counterparties in the event of bankruptcy or other significant credit event, and would reduce EIPLP's credit risk exposure on derivative asset positions outstanding with the counterparties in these particular circumstances. The following table also summarizes the maximum potential settlement in the event of these specific circumstances. All amounts are presented gross in the Consolidated Statements of Financial Position.

March 31, 2017	Derivative Instruments Used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Gross Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Accounts receivable and other					
Foreign exchange contracts	**1**	**1**	**2**	**(1)**	**1**
Commodity contracts	**10**	**1**	**11**	**(7)**	**4**
	11	**2**	**13** [1]	**(8)**	**5**
Deferred amounts and other assets					
Foreign exchange contracts	**1**	**1**	**2**	**(1)**	**1**
Commodity contracts	**25**	**-**	**25**	**(25)**	**-**
	26	**1**	**27**	**(26)**	**1**
Accounts payable and other					
Foreign exchange contracts	**-**	**(388)**	**(388)**	**1**	**(387)**
Interest rate contracts	**(2)**	**-**	**(2)**	**-**	**(2)**
Commodity contracts	**-**	**(38)**	**(38)**	**7**	**(31)**
	(2)	**(426)**	**(428)** [2]	**8**	**(420)**
Other long-term liabilities					
Foreign exchange contracts	**-**	**(1,208)**	**(1,208)**	**1**	**(1,207)**
Interest rate contracts	**(136)**	**-**	**(136)**	**-**	**(136)**
Commodity contracts	**-**	**(164)**	**(164)**	**25**	**(139)**
	(136)	**(1,372)**	**(1,508)**	**26**	**(1,482)**
Total net derivative asset/(liability)					
Foreign exchange contracts	**2**	**(1,594)**	**(1,592)**	**-**	**(1,592)**
Interest rate contracts	**(138)**	**-**	**(138)**	**-**	**(138)**
Commodity contracts	**35**	**(201)**	**(166)**	**-**	**(166)**
	(101)	**(1,795)**	**(1,896)**	**-**	**(1,896)**

December 31, 2016	Derivative Instruments Used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Gross Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Accounts receivable and other					
Foreign exchange contracts	-	5	5	(1)	4
Interest rate contracts	1	-	1	(1)	-
Commodity contracts	9	-	9	(6)	3
	10	5	15 [1]	(8)	7
Deferred amounts and other assets					
Foreign exchange contracts	2	-	2	-	2
Commodity contracts	8	-	8	(7)	1
	10	-	10	(7)	3
Accounts payable and other					
Foreign exchange contracts	-	(405)	(405)	1	(404)
Interest rate contracts	(2)	-	(2)	1	(1)
Commodity contracts	-	(36)	(36)	6	(30)
	(2)	(441)	(443) [2]	8	(435)
Other long-term liabilities					
Foreign exchange contracts	-	(1,355)	(1,355)	-	(1,355)
Interest rate contracts	(128)	-	(128)	-	(128)
Commodity contracts	-	(164)	(164)	7	(157)
	(128)	(1,519)	(1,647)	7	(1,640)
Total net derivative asset/(liability)					
Foreign exchange contracts	2	(1,755)	(1,753)	-	(1,753)
Interest rate contracts	(129)	-	(129)	-	(129)
Commodity contracts	17	(200)	(183)	-	(183)
	(110)	(1,955)	(2,065)	-	(2,065)

1 Reported within Accounts receivable and other (2017 - $8 million; 2016 - $10 million) and Accounts receivable from affiliates (2017 - $5 million; 2016 - $5 million) on the Consolidated Statements of Financial Position.

2 Reported within Accounts payable and other (2017 - $12 million; 2016 - $10 million) and Accounts payable to affiliates (2017 - $416 million; 2016 - $433 million) on the Consolidated Statements of Financial Position.

The following table summarizes the maturity and notional principal or quantity outstanding related to EIPLP's derivative instruments.

March 31, 2017	2017	2018	2019	2020	2021	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	**517**	**1,227**	**81**	**25**	**25**	**191**
Interest rate contracts - long-term debt *(millions of Canadian dollars)*	**-**	**1,170**	**200**	**-**	**-**	**-**
Foreign exchange contracts - United States dollar forwards - sell *(millions of United States dollars)*	**1,503**	**1,612**	**1,807**	**1,826**	**565**	**222**
Foreign exchange contracts - United States dollar forwards - purchase *(millions of United States dollars)*	**338**	**2**	**2**	**2**	**-**	**-**
Commodity contracts - power *(megawatt hours (MWH))*	**42**	**30**	**31**	**35**	**(3)**	**(43)**

December 31, 2016	2017	2018	2019	2020	2021	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	736	1,227	81	25	25	191
Interest rate contracts - long-term debt *(millions of Canadian dollars)*	-	1,170	200	-	-	-
Foreign exchange contracts - United States dollar forwards - sell *(millions of United States dollars)*	1,859	1,612	1,807	1,826	565	222
Foreign exchange contracts - United States dollar forwards - purchase *(millions of United States dollars)*	317	2	2	2	-	-
Commodity contracts - power *(MWH)*	40	30	31	35	(3)	(43)

The Effect of Derivative Instruments on the Statements of Earnings and Comprehensive Income
The following table presents the effect of cash flow hedges on EIPLP's consolidated earnings and consolidated comprehensive income, before the effect of income taxes.

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Amount of unrealized gains/(loss) recognized in OCI		
Cash flow hedges		
Foreign exchange contracts	**-**	(1)
Interest rate contracts	**(12)**	(148)
Commodity contracts	**20**	12
	8	(137)
Amount of (gains)/loss reclassified from AOCI to earnings *(effective portion)*		
Interest rate contracts[1]	**5**	3
Commodity contracts[2]	**(2)**	(3)
	3	-
Amount of loss reclassified from AOCI to earnings *(ineffective portion and amount excluded from effectiveness testing)*		
Interest rate contracts[1]	**1**	-
	1	-

1 Reported within Interest expense in the Consolidated Statements of Earnings.
2 Reported within Electricity sales revenues and Other expense in the Consolidated Statements of Earnings.

EIPLP estimates that a gain of $9 million of AOCI related to cash flow hedges will be reclassified to earnings in the next 12 months. Actual amounts reclassified to earnings depend on the interest rates, foreign exchange rates and commodity prices in effect when derivative contracts that are currently outstanding mature. For all forecasted transactions, the maximum term over which EIPLP is hedging exposures to the variability of cash flows is 33 months at March 31, 2017.

Non-Qualifying Derivatives
The following table presents the unrealized gains and losses associated with changes in the fair value of the EIPLP's non-qualifying derivatives.

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Foreign exchange contracts[1]	**161**	641
Commodity contracts[2]	**(1)**	(14)
Total unrealized derivative fair value gain	**160**	627

1 Reported within Transportation and other services revenues (2017 - $158 million gain; 2016 - $584 million gain) and Other expense (2017 - $3 million gain; 2016 - $57 million gain) in the Consolidated Statements of Earnings.
2 Reported within Transportation and other services revenues (2017 - $5 million gain; 2016 - $1 million loss), and Operating and administrative expense (2017 - $6 million loss; 2016 - $13 million loss) in the Consolidated Statements of Earnings.

LIQUIDITY RISK
Liquidity risk is the risk EIPLP will not be able to meet its financial obligations, including commitments and guarantees, as they become due. In order to manage this risk, EIPLP forecasts cash requirements over the near and long term to determine whether sufficient funds will be available when required. EIPLP generates cash from operations, commercial paper issuances and credit facility draws, through the periodic issuance of public term debt and issuance of units to its partners. Additionally, to ensure ongoing liquidity and to mitigate the risk of market disruption, EIPLP maintains a level of committed bank credit facilities. EIPLP actively manages its bank funding sources to optimize pricing and other terms. Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge Inc. (Enbridge) or other related entities.

CREDIT RISK
Entering into derivative financial instruments may result in exposure to credit risk. Credit risk arises from the possibility that a counterparty will default on its contractual obligations. In order to mitigate this risk, EIPLP enters into risk management transactions primarily with institutions that possess investment grade credit ratings. Credit risk relating to derivative counterparties is mitigated by credit exposure limits and contractual requirements, netting arrangements and ongoing monitoring of counterparty credit exposure using external credit rating services and other analytical tools.

EIPLP had group credit concentrations and maximum credit exposure, with respect to derivative instruments, in the following counterparty segments:

	March 31, 2017	December 31, 2016
(millions of Canadian dollars)		
Canadian financial institutions	**1**	1
United States financial institutions	**-**	1
European financial institutions	**-**	2
Other[1]	**4**	5
	5	9

1 Other is comprised of primarily Enbridge and its affiliates.

Derivative assets are adjusted for non-performance risk of EIPLP's counterparties using their credit default swap spread rates, and are reflected in the fair value. For derivative liabilities, EIPLP's non-performance risk is considered in the valuation.

Credit risk also arises from trade and other long-term receivables, and is mitigated through credit exposure limits, contractual requirements, assessment of credit ratings and netting arrangements. Generally, EIPLP classifies and provides for receivables older than 30 days as past due. The maximum exposure to credit risk related to non-derivative financial assets is their carrying value.

FAIR VALUE MEASUREMENTS
EIPLP's financial assets and liabilities measured at fair value on a recurring basis include derivative instruments. EIPLP also discloses the fair value of other financial instruments not measured at fair value. The fair value of financial instruments reflects EIPLP's best estimates of market value based on generally accepted valuation techniques or models and are supported by observable market prices and rates. When such values are not available, EIPLP uses discounted cash flow analysis from applicable yield curves based on observable market inputs to estimate fair value.

FAIR VALUE OF FINANCIAL INSTRUMENTS
EIPLP categorizes its derivative instruments measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement.

Level 1
Level 1 includes derivatives measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date. An active market for a derivative is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. EIPLP does not have any financial instruments valued using Level 1 inputs.

Level 2
Level 2 includes derivative valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivatives in this category are valued using models or other industry standard valuation techniques derived from observable market data. Such valuation techniques include inputs such as quoted forward prices, time value, volatility factors and broker quotes that can be observed or corroborated in the market for the entire duration of the derivative. Derivatives valued using Level 2 inputs include non-exchange traded derivatives such as over-the-counter foreign exchange forward contracts and interest rate swaps for which observable inputs can be obtained.

EIPLP has also categorized the fair value of its Investment in affiliated company and long-term debt as Level 2. The fair value is based on quoted market prices for instruments of similar yield, credit risk and tenor.

Level 3
Level 3 includes derivative valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the derivatives' fair value. Generally, Level 3 derivatives are longer dated transactions, occur in less active markets, occur at locations where pricing information is not available or have no binding broker quote to support Level 2 classification. EIPLP has developed methodologies, benchmarked against industry standards, to determine fair value for these derivatives based on extrapolation of observable future prices and rates. Derivatives valued using Level 3 inputs include long-dated derivative power contracts, basis swaps, commodity swaps, power and energy swaps, options and long-dated commodity derivative contracts.

EIPLP uses the most observable inputs available to estimate the fair value of its derivatives. When possible, EIPLP estimates the fair value of its derivatives based on quoted market prices. If quoted market prices are not available, EIPLP uses estimates from third party brokers. For non-exchange traded derivatives classified in Levels 2 and 3, EIPLP uses standard valuation techniques to calculate the estimated fair value. These methods include discounted cash flows for forwards and swaps and Black-Scholes-Merton pricing models for options. Depending on the type of derivative and nature of the underlying risk, EIPLP uses observable market prices (interest, foreign exchange and commodity) and volatility as primary inputs to these valuation techniques. Finally, EIPLP considers its own credit default swap spread as well as the credit default swap spreads associated with its counterparties in its estimation of fair value.

Fair Value of Derivatives

EIPLP has categorized its derivative assets and liabilities measured at fair value as follows:

March 31, 2017	Level 1	Level 2	Level 3	Total Gross Derivative Instruments
(millions of Canadian dollars)				
Financial assets				
Current derivative assets				
Foreign exchange contracts	**-**	**2**	**-**	**2**
Commodity contracts	**-**	**-**	**11**	**11**
	-	**2**	**11**	**13**
Long-term derivative assets				
Foreign exchange contracts	**-**	**2**	**-**	**2**
Commodity contracts	**-**	**-**	**25**	**25**
	-	**2**	**25**	**27**
Financial liabilities				
Current derivative liabilities				
Foreign exchange contracts	**-**	**(388)**	**-**	**(388)**
Interest rate contracts	**-**	**(2)**	**-**	**(2)**
Commodity contracts	**-**	**-**	**(38)**	**(38)**
	-	**(390)**	**(38)**	**(428)**
Long-term derivative liabilities				
Foreign exchange contracts	**-**	**(1,208)**	**-**	**(1,208)**
Interest rate contracts	**-**	**(136)**	**-**	**(136)**
Commodity contracts	**-**	**-**	**(164)**	**(164)**
	-	**(1,344)**	**(164)**	**(1,508)**
Total net financial liability				
Foreign exchange contracts	**-**	**(1,592)**	**-**	**(1,592)**
Interest rate contracts	**-**	**(138)**	**-**	**(138)**
Commodity contracts	**-**	**-**	**(166)**	**(166)**
	-	**(1,730)**	**(166)**	**(1,896)**

December 31, 2016	Level 1	Level 2	Level 3	Total Gross Derivative Instruments
(millions of Canadian dollars)				
Financial assets				
Current derivative assets				
Foreign exchange contracts	-	5	-	5
Interest rate contracts	-	1	-	1
Commodity contracts	-	-	9	9
	-	6	9	15
Long-term derivative assets				
Foreign exchange contracts	-	2	-	2
Commodity contracts	-	-	8	8
	-	2	8	10
Financial liabilities				
Current derivative liabilities				
Foreign exchange contracts	-	(405)	-	(405)
Interest rate contracts	-	(2)	-	(2)
Commodity contracts	-	(2)	(34)	(36)
	-	(409)	(34)	(443)
Long-term derivative liabilities				
Foreign exchange contracts	-	(1,355)	-	(1,355)
Interest rate contracts	-	(128)	-	(128)
Commodity contracts	-	-	(164)	(164)
	-	(1,483)	(164)	(1,647)
Total net financial liability				
Foreign exchange contracts	-	(1,753)	-	(1,753)
Interest rate contracts	-	(129)	-	(129)
Commodity contracts	-	(2)	(181)	(183)
	-	(1,884)	(181)	(2,065)

The significant unobservable inputs used in fair value measurement of Level 3 derivative instruments were as follows:

March 31, 2017	Fair Value	Unobservable Input	Minimum Price	Maximum Price	Weighted Average Price	Unit of Measurement
(fair value in millions of Canadian dollars)						
Commodity contracts - financial[1]						
Power	(166)	Forward power price	18.50	63.70	42.64	$/MWH

1 Financial and physical forward commodity contracts are valued using a market approach valuation technique.

If adjusted, the significant unobservable inputs disclosed in the table above would have a direct impact on the fair value of EIPLP's Level 3 derivative instruments. The significant unobservable inputs used in the fair value measurement of Level 3 derivative instruments include forward commodity prices and for option contracts, price volatility. Changes in forward commodity prices could result in significantly different fair values for EIPLP's Level 3 derivatives. Changes in price volatility would change the value of the option contracts. Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of price volatility.

Changes in net fair value of derivative assets and liabilities classified as Level 3 in the fair value hierarchy were as follows:

	Three months ended March 31,	
	2017	2016
(millions of Canadian dollars)		
Level 3 net derivative liability at beginning of period	**(181)**	(173)
Total gains/(loss), unrealized		
Included in earnings[1]	**(4)**	(11)
Included in OCI	**19**	7
Level 3 net derivative liability at end of period	**(166)**	(177)

1 Reported within Transportation and other services revenues and Operating and administrative expense in the Consolidated Statements of Earnings.

EIPLP's policy is to recognize transfers as at the last day of the reporting period. There were no transfers between levels as at March 31, 2017 or 2016.

Fair Value of Other Financial Instruments

EIPLP has Restricted long-term investments held in trust totalling $96 million as at March 31, 2017 (December 31, 2016 - $83 million) which are recognized at fair value.

At March 31, 2017, EIPLP's long-term debt had a carrying value of $6,184 million (December 31, 2016 - $6,078 million) before debt issuance costs and a fair value of $6,735 million (December 31, 2016 - $6,549 million).

At March 31, 2017, Enbridge Pipelines Inc., a subsidiary of EIPLP, had an investment of $514 million (December 31, 2016 - $514 million) in non-voting, redeemable Series A Preferred Shares in Enbridge Employee Services Canada Inc., a subsidiary of Enbridge. EIPLP has classified this investment in affiliated company as available-for-sale debt security and carries it at fair value, with changes in fair value recorded in OCI. As at March 31, 2017, the fair value of this investment approximates its cost and redemption value.

EIPLP holds Southern Lights Class A Units, providing defined, scheduled and fixed distributions that represent the equity cash flows derived from the core rate base of Southern Lights US until June 30, 2040. At March 31, 2017, EIPLP's investment had a carrying value of $790 million (December 31, 2016 - $801 million) included in Accounts receivable from affiliates and Long-term receivable from affiliate on the Consolidated Statements of Financial Position and a fair value of $737 million (December 31, 2016 - $756 million).

7. INCOME TAXES

The effective income tax rate for the three months ended March 31, 2017 was 15.4% compared to 22.1% for the same period of 2016. The period-over-period decrease is primarily due to the effects of rate-regulated accounting and other permanent items relative to earnings in 2017.

8. CONTINGENCIES

LITIGATION

EIPLP and its subsidiaries and investees are subject to various other legal and regulatory actions and proceedings which arise in the normal course of business, including interventions in regulatory proceedings and challenges to regulatory approvals and permits by special interest groups. While the final outcome of such actions and proceedings cannot be predicted with certainty, EIPLP believes that the resolution of such actions and proceedings will not have a material impact on its consolidated financial position or results of operations.