

ENBRIDGE ENERGY MANAGEMENT L L C
Form 10-K/A
April 28, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

**ANNUAL REPORT PURSUANT TO SECTION 13
OR 15() OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended **DECEMBER 31, 2004**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13
OR 15() OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 1-31383

ENBRIDGE ENERGY MANAGEMENT, L.L.C.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

61-1414604

(I.R.S. Employer Identification No.)

1100 Louisiana

Suite 3300

Houston, Texas 77002

(Address of principal executive offices and zip code)

(713) 821-2000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Shares representing limited
liability company interests

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **NONE**

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2004, the aggregate market value of the Registrant's Listed Shares held by non-affiliates of the Registrant was \$368,850,056 based on the last reported sale price of such Listed Shares on the New York Stock Exchange on that date.

As of February 15, 2005, the Registrant has 11,101,388 Listed Shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

EXPLANATORY NOTE

This Amendment No. 1 (Amendment) to the Annual Report on Form 10-K of Enbridge Energy Management, L.L.C. (the Company) filed with the Securities and Exchange Commission (SEC) on February 25, 2005, is to add to Part III, Item 11. Executive Compensation of such report, the information appearing under the captions Employment Agreements and Director Compensation in this Amendment.

Except as otherwise expressly noted herein, this Amendment to our Annual Report on Form 10-K does not reflect events occurring after the February 25, 2005, filing of the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2004, or modify or update the disclosures set forth in that Annual Report on Form 10-K in any way.

Item 11. Executive Compensation

The following table sets forth the annual, long-term and other compensation for all services provided in all capacities to us and the Partnership for the fiscal years ended December 31, 2004, 2003 and 2002, of the Chief Executive Officer and four of our other executive officers with the highest salary and bonus compensation in the 2004 fiscal year (the Named Executive Officers). We are not allocated any compensation expense for services provided by the Named Executive Officers. The Partnership bears an allocable portion of these officers total compensation that is based on the approximate percentage of time each of these officers devote to us and the Partnership. The other affiliates of Enbridge, to whom these officers also render services, bear the remainder of the compensation expenses of these officers.

Summary Compensation Table

| Name & Principal Position | Year | Salary (\$) | Bonus (\$) | Other Annual Compen- sation(1)(2) (\$) | Restricted Stock Award(s) (\$) | Securities Underlying Options/ SARs(4) (#) | LTIP Payouts (\$) | All Other Compen- sation(3) (\$) | Approximate Percentage of Time Devoted to Enbridge Management and the Partnership |
|--|------|----------------|---------------|--|---|--|-------------------------|---|---|
| D.C. Tutcher President | 2004 | 322,000 | 270,000 | 30,000 | | 17,000 | | 12,350 | 90 |
| | 2003 | 309,750 | 235,000 | 35,000 | | 50,000 | | 10,000 | |
| | 2002 | 296,250 | 91,000 | 40,000 | | 150,000 | | 11,625 | |
| T.L. McGill Vice President Commercial Activity & Business Development | 2004 | 231,385 | 126,500 | 20,000 | | 20,000 | | 11,044 | 90 |
| | 2003 | 221,000 | 89,800 | 20,000 | | 23,200 | | 6,361 | |
| | 2002 | 182,474 | 34,000 | 16,886 | | 23,000 | | 4,193 | |
| E.C. Kaitson Assistant Secretary and Associate General Counsel | 2004 | 174,055 | 59,900 | 10,000 | | 6,500 | | 10,643 | 90 |
| | 2003 | 168,000 | 35,400 | 10,000 | | 5,900 | | 8,375 | |
| | 2002 | 161,250 | 18,200 | 10,000 | | 8,300 | | 8,990 | |
| M.A. Maki Vice President Finance | 2004 | 171,365 | 87,300 | 20,000 | | 15,000 | | 9,444 | 90 |
| | 2003 | 161,750 | 71,400 | 20,000 | | 16,700 | | 7,100 | |
| | 2002 | 136,762 | 55,700 | 25,978 | | 8,000 | | 6,950 | |
| R.L. Adams Vice President Operations and Technology | 2004 | 161,960 | 81,600 | 20,000 | | 10,000 | | 8,339 | 90 |
| | 2003 | 151,000 | 54,100 | 26,229 | | 7,500 | | 7,568 | |
| | 2002 | * | * | * | * | * | * | * | |

* Elected an officer in 2003.

- (1) Amounts in this column include: the flexible perquisites allowance (as described in Note 2 below), flexible credits paid as additional compensation (as described in Note 2 below), reimbursements for professional financial services, one-time payments for termination benefits, and the taxable benefit from loans by Enbridge, which were granted for relocation or hiring incentive purposes (and amounts reimbursed for the payment of taxes relating to such benefit).
- (2) Effective July 1, 2001, Enbridge adopted a flexible benefit program pursuant to which employees receive an amount of flex credits based on their family status and base salary. Beginning in fiscal 2003, the Named Executive Officers were given a Flexible Perquisites Allowance to cover perquisites that may have been previously paid on behalf of each executive. Flex credits can be (a) used to purchase various benefits (such as extended health or dental coverage, disability insurance and life insurance) on the same terms as are available to all employees; (b) applied as contributions to the Stock Purchase and Savings Plan (as described in Note 3 below); or (c) paid to the employee as additional compensation. In 2004, Mr. Tutcher received perquisites and other personal benefits totaling \$30,000, all of which related to his Flexible Perquisites Allowance; Mr. McGill received perquisites and other personal benefits totaling \$20,000, all of which related to his Flexible Perquisites Allowance; Mr. Maki received perquisites and other personal benefits totaling \$20,000, all of which related to his Flexible Perquisites Allowance; Mr. Kaitson received perquisites and other personal benefits totaling \$10,000, all of which related to his Flexible Perquisites Allowance, and Mr. Adams received perquisites and other personal benefits totaling \$20,000 all of which related to his Flexible Perquisites Allowance.
- (3) Employees in the United States participate in the Enbridge Employee Services, Inc. Savings Plan (the 401(k) Plan) under which employees may contribute up to 25% of their base salary, with employee contributions up to 5% matched by Enbridge (all subject to the contribution limits specified in the Internal Revenue Code). Enbridge's contributions are used to purchase Enbridge shares at market value and the employees' contributions may be used to purchase Enbridge shares or nine designated funds. During 2004, Enbridge made contributions of \$10,250, \$8,977, \$8,703, \$9,068 and \$7,982, respectively, to the 401(k) Plan for the benefit of Mr. Tutcher, Mr. McGill, Mr. Maki, Mr. Kaitson, and Mr. Adams. Additionally, during 2004 Enbridge Employee Services, Inc. paid term life insurance premiums of \$540, \$508, \$380, \$376, and \$356 for the benefit of Mr. Tutcher, Mr. McGill, Mr. Maki, Mr. Kaitson, and Mr. Adams, respectively. In 2004, Enbridge Employee Services, Inc. also furnished Messrs. Tutcher, McGill and Kaitson with parking benefits, at an annual cost of \$1,560 each.
- (4) Each option entitles the holder to acquire the indicated number of shares of Enbridge common stock. The costs associated with recognizing the fair value of the options as compensation expense are borne by the Partnership. Additional information is provided in the following section labeled *Stock Options* .

Stock Options

We do not maintain any option or long-term incentive plans for the benefit of the Named Executive Officers. In 2004, Enbridge began allocating to the Partnership expense it recognized in connection with recording the fair value of its outstanding stock options granted to certain officers of the Partnership, including the Named Executive Officers. Prior to 2004, the Partnership was not allocated any expense associated with stock option grants. The stock options are granted to the Named Executive Officers pursuant to the Enbridge Incentive Stock Option Plan, which is a long-term incentive plan administered by the Human Resources & Compensation Committee of Enbridge. The stock option grants are denominated in Canadian dollars. The following three tables set forth information concerning options granted and exercised during 2004 by the Named Executive Officers under the Enbridge stock option plans:

Options/SAR Grants in Last Fiscal Year

| Name | Number of Securities Underlying Options/SARs Granted (#) | Percent of Total Options/SARs Granted to Employees in Fiscal Year | Exercise or Base Price (\$Cdn/Sh) | Expiration Date | Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Options Term | |
|--------------|--|---|-----------------------------------|------------------|---|-----------|
| | | | | | 5% \$Cdn | 10% \$Cdn |
| D.C. Tutcher | 17,000 | 1.91 % | 51.44 | February 4, 2014 | 549,956 | 1,393,696 |
| T.L. McGill | 20,000 | 2.24 % | 51.44 | February 4, 2014 | 647,007 | 1,639,642 |
| E.C. Kaitson | 6,500 | 0.73 % | 51.44 | February 4, 2014 | 210,277 | 532,884 |
| M.A. Maki | 15,000 | 1.68 % | 51.44 | February 4, 2014 | 485,255 | 1,229,732 |
| R.L. Adams | 10,000 | 1.12 % | 51.44 | February 4, 2014 | 323,503 | 819,821 |

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year End Option/SAR Values

| Name | Shares Acquired on Exercise (#) | Value Realized (\$Cdn) | Number of Securities Underlying Unexercised Options/SARs At Fiscal Year-End | | Value of Unexercised In-The-Money Options/SARs At Fiscal Year-End | |
|--------------|---------------------------------|------------------------|---|-------------------|---|-----------------------|
| | | | Exercisable (#) | Unexercisable (#) | Exercisable (\$Cdn) | Unexercisable (\$Cdn) |
| D.C. Tutcher | | | 190,847 | 187,000 | 4,656,108 | 2,729,645 |
| T.L. McGill | | | 17,300 | 48,900 | 285,240 | 659,820 |
| E.C. Kaitson | | | 52,035 | 18,575 | 1,635,419 | 280,391 |
| M.A. Maki | 11,000 | 260,638 | 11,925 | 32,775 | 219,984 | 440,851 |
| R.L. Adams | | | 5,800 | 19,550 | 100,081 | 250,369 |

Enbridge also maintains a long-term, performance-based stock unit plan (the PSU Plan). Under the PSU Plan, participating executives receive annual grants of PSUs. The initial value of each of these PSUs is equivalent to one Enbridge Share. Each award may be paid out at the end of a three-year performance cycle based on attaining specific goals established by Enbridge's Human Resources & Compensation Committee for performance over a three-year period. Enbridge does not issue any shares in connection with the PSU Plan and if performance fails to meet threshold performance levels, no payments are made. The compensation expense associated with recognizing the fair value of the outstanding stock units attributable to our executive officers that participate in the PSU Plan are allocated to us and expensed in our consolidated statements of income. The following table sets forth the grants made to the Named Executive Officers during 2004 pursuant to the PSU Plan:

Long-Term Incentive Plan Awards Table

| Name | Securities, Units or Other Rights (#) | Performance or Other Period Until Maturation or Payout | Estimated Future Payouts Under Non-Securities-Price-Based Plans | | |
|--------------|---------------------------------------|--|---|---------------|----------------|
| | | | Threshold(1) (#) | Target(2) (#) | Maximum(3) (#) |
| D.C. Tutcher | 3,545 | March 8, 2004 - March 7, 2007 | 886 | 3,545 | 7,090 |
| T.L. McGill | | | | | |
| E.C. Kaitson | | | | | |
| M.A. Maki | | | | | |
| R.L. Adams | | | | | |

(1) Threshold refers to the minimum amount payable for a certain level of performance under the PSU Plan.

(2) Target refers to the amount payable if the specified performance target is reached.

(3) Maximum refers to the maximum payout possible as specified under the PSU Plan.

Pension Plan

The following tables illustrate the benefits payable under the defined benefit component of Enbridge's trustee non-contributory pension plans (the Plan), which apply to the Named Executive Officers of the Partnership. The tables illustrate the total annual pension entitlements assuming the eligibility requirements for an unreduced pension have been satisfied. Plan benefits that exceed maximum pension rules applicable to registered plan benefits are paid from the Enbridge supplemental pension plan. Other trustee pension plans, with varying contribution formulae and benefits, cover the balance of Canadian and United States employees.

For service prior to January 1, 2000, the Plan provides a yearly pension payable after age 60 in the normal form (60 percent joint and last survivor) equal to: (a) 1.6 percent of the sum of (i) the average of the participant's highest annual salary during three consecutive years out of the last ten years of credited service and (ii) the average of the participant's three highest annual performance bonus periods, represented in each period by the greater of 50 percent of the actual bonus paid or the lesser of the target bonus and actual bonus, in respect of the last five years of credited service, multiplied by (b) the number of credited years of service. The pension is offset, after age 65, by 50 percent of the participant's Social Security benefit, prorated by years in which the participant has both credited service and Social Security coverage. An unreduced pension is payable if retirement is after age 55 with 30 or more years of service, or after age 60. Early retirement reductions apply if a participant retires and does not meet these requirements.

For service after December 31, 1999, the Plan provides for senior management employees, including the Named Executive Officers, a yearly pension payable after age 60 in the normal form (60 percent joint and last survivor) equal to: (a) 2 percent of the sum of (i) the average of the participant's highest annual base salary during three consecutive years out of the last ten years of credited service and (ii) the average of the participant's three highest annual performance bonus periods, represented in each period by 50 percent of the actual bonus paid, in respect of the last five years of credited services, multiplied by (b) the number of credited years of service. An unreduced pension is payable if retirement is after age 55 with 30 or more years of service, or after age 60. Early retirement reductions apply if a participant retires and does not meet these requirements. Retirement benefits paid from the Plan are indexed at 50 percent of the annual increase in the consumer price index.

Pension Plan Tables**Service Prior to January 1, 2000, before Social Security Offset**

| Remuneration(1) | Years of Credited Service | | | | | |
|-----------------|---------------------------|-----------|-----------|-----------|-----------|------------|
| | 10 | 15 | 20 | 25 | 30 | 35 |
| \$ 200,000 | \$ 32,000 | \$ 48,000 | \$ 64,000 | \$ 80,000 | \$ 96,000 | \$ 112,000 |
| 250,000 | 40,000 | 60,000 | 80,000 | 100,000 | 120,000 | 140,000 |
| 300,000 | 48,000 | 72,000 | 96,000 | 120,000 | 144,000 | 168,000 |
| 350,000 | 56,000 | 84,000 | 112,000 | 140,000 | 168,000 | 196,000 |
| 400,000 | 64,000 | 96,000 | 128,000 | 160,000 | 192,000 | 224,000 |
| 450,000 | 72,000 | 108,000 | 144,000 | 180,000 | 216,000 | 252,000 |
| 500,000 | 80,000 | 120,000 | 160,000 | 200,000 | 240,000 | 280,000 |
| 550,000 | 88,000 | 132,000 | 176,000 | 220,000 | 264,000 | 308,000 |
| 600,000 | 96,000 | 144,000 | 192,000 | 240,000 | 288,000 | 336,000 |
| 650,000 | 104,000 | 156,000 | 208,000 | 260,000 | 312,000 | 364,000 |

Service After December 31, 1999

| Remuneration(1) | Years of Credited Service | | | | | |
|-----------------|---------------------------|-----------|-----------|------------|------------|------------|
| | 10 | 15 | 20 | 25 | 30 | 35 |
| \$ 200,000 | \$ 40,000 | \$ 60,000 | \$ 80,000 | \$ 100,000 | \$ 120,000 | \$ 140,000 |
| 250,000 | 50,000 | 75,000 | 100,000 | 125,000 | 150,000 | 175,000 |
| 300,000 | 60,000 | 90,000 | 120,000 | 150,000 | 180,000 | 210,000 |
| 350,000 | 70,000 | 105,000 | 140,000 | 175,000 | 210,000 | 245,000 |
| 400,000 | 80,000 | 120,000 | 160,000 | 200,000 | 240,000 | 280,000 |
| 450,000 | 90,000 | 135,000 | 180,000 | 225,000 | 270,000 | 315,000 |
| 500,000 | 100,000 | 150,000 | 200,000 | 250,000 | 300,000 | 350,000 |
| 550,000 | 110,000 | 165,000 | 220,000 | 275,000 | 330,000 | 385,000 |
| 600,000 | 120,000 | 180,000 | 240,000 | 300,000 | 360,000 | 420,000 |
| 650,000 | 130,000 | 195,000 | 260,000 | 325,000 | 390,000 | 455,000 |

(1) Remuneration refers to annual salary and that portion of the annual bonus eligible for inclusion in final average earnings.

Mr. Tutchter accumulates pension credits equal to 4.0 percent for each year of service to his tenth anniversary of employment with Enbridge.

For purposes of computing the total retirement benefit of the Named Executive Officers, the following table sets forth the service accrued prior to January 1, 2000, (Pre 2000 Service) and service accrued after December 31, 1999 (Post 1999 Service) by the Named Executive Officers at December 31, 2004. These figures include the additional service mentioned in the previous paragraph.

| Name | Age | Pre 2000 Service | Post 1999 Service |
|---------------|-----|------------------|-------------------|
| D.C. Tutchter | 55 | | 3.58 |
| T.L. McGill | 50 | | 2.83 |
| E.C. Kaitson | 48 | | 3.58 |
| M.A. Maki | 40 | 13.32 | 5.00 |
| R.L. Adams | 40 | 14.70 | 3.50 |

Employment Agreements

Messrs. Tutchter and Kaitson have Executive Employment Agreements with Enbridge. The Agreements commenced on May 11, 2001, and continue until the earlier of (i) the date of voluntary retirement in accordance with the retirement policies established for senior employees of Enbridge (ii) the voluntary resignation which is not a constructive dismissal, or (iii) termination based on disability, death, cause or by either party. The Agreements provide that in the event of termination of employment, the executive agrees to keep confidential all information of a confidential or proprietary nature and further agrees not to use such information for personal advantage. The Agreements also provide for a base salary, annual reviews, discretionary raises, participation in short and long-term incentive plans of Enbridge, and severance payments in the amount of two years compensation in the event of termination by Enbridge.

Director Compensation

Enbridge employees who are members of the Board of Directors of the General Partner or Enbridge Management do not receive any additional compensation for serving in those capacities. Members of the Board of Directors of the General Partner and Enbridge Management who are not employees receive an aggregate annual fee of \$20,000, paid quarterly, plus \$1,000 per day for each meeting attended of the board of directors or committees of the board. In addition, each non-employee director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees and an

additional \$500 for meetings requiring out of state travel. The director who serves as chairman of the audit committees is paid an additional \$5,000 per year and the director who serves as chairman of the boards is paid an additional \$10,000 per year, paid quarterly. The General Partner indemnifies each director for actions associated with being a director to the full extent permitted under Delaware law and maintains errors and omissions insurance.

Messrs. Hambrook and Connelly served on pricing committees in 2004 in connection with public offerings to sell limited partnership interests in the Partnership. As compensation for serving on the pricing committees, they each received a fee of \$1,000 per meeting.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENBRIDGE ENERGY MANAGEMENT, L.L.C.

(Registrant)

By:

/s/ MARK A. MAKI

Mark A. Maki

Vice President, Finance and

Principal Financial Officer

(Duly Authorized Officer)

Date: April 27, 2005

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