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July 26, 2011

**VIA RESS, EMAIL AND COURIER**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge")  
Mean Daily Volume ("MDV") Project Update  
Ontario Energy Board ("Board") File No. EB-2008-0106**

In its letter of July 11, 2011, Enbridge notified the Board that the MDV project would have a revised target date for implementation to January 31, 2012 and an updated cost projection would be provided within two weeks.

Enbridge has completed its re-examination of the cost forecast and expect it to be approximately \$4.4M compared with the \$3.7M budget as initially filed in April 2010.

The cost increase is due to the need to maintain the current level of resources (approximately \$300,000/ month) between September 1, 2011 and January 31, 2012.

Despite Enbridge's efforts to ensure that the new code design was thoroughly vetted, Integration Testing conducted in April has revealed complexities of how the system has processed the data requiring additional business rules. These changes could not have been foreseen by the project team.

Additional design sessions were held in May and system development changes were assessed in order to address these incremental requirements, which will require retesting. The summary of the cost estimate comparison is shown in the table below.

	April 2010 \$ Estimate	July 2011 \$ Estimate	\$ Variance	Explanations
Design, Development & Implementation	2,904,920	4,320,920	1,416,000	Increase in delivery time(~ 4 months @ ~280k/month); Plus additional development & test team member times for overtime spike to meet new timeline deliverables to Dec 2011;
Infrastructure	245,000	105,000	(140,000)	CPU upgrade not required Test Server not required; Both already in place from other IT initiatives
Administration	135,000	15,000	(120,000)	Legal Fees for recontracting Gas Delivery Agreements not required
Contingency	380,960		(380,960)	Amount now included in total costs above
Applicable Taxes	31,850		(31,850)	Estimated for taxable portions of HW/SW acquisitions, which are no longer required
<b>Total</b>	<b>3,697,730</b>	<b>4,440,920</b>	<b>743,190</b>	

Enbridge is committed to delivering a high quality product and this extra time is required to achieve that goal. Extra review steps have been included in the testing phases to identify early success indicators to ensure critical pieces are working successfully.

As communicated in our letter dated July 11, 2011, Enbridge has provided a new online feature (since June) showing the consolidated Banked Gas Account ("BGA") Summary report for each pool contract, which will enable the vendors to better forecast their gas balances. The feature has been favourably received by the vendor community.

Sincerely,

*B. Vari*

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cc: Mr. F. Cass, Aird & Berlis LLP  
 EB-2008-0106 Interested Parties