# UNDERTAKING JTC1.3

## UNDERTAKING

Tr: 68

To show cost per customer of providing the new CIS on an annual basis from implementation until end of Template in 2018.

## RESPONSE

Please see the table that follows for CIS cost per year (inclusive of capital and related operating costs). 2010 was the first full year of new CIS. The new CIS was implemented in September 2009, therefore only four months of costs for 2009 are included.

The table also shows the average cost per customer for the new CIS from implementation to 2018 at $15.69.

Witness: S. McGill

***Exhibit B/5/2***
***Cost per Customer - CIS Related Categories***

| # | Category of Cost | A 2007A | B 2008A | C 2009A | D 2010A | E 2011 | F 2012 | G 2007-2012 Total | H 2013P | I 2014P | J 2015P | K 2016P | L 2017P | M 2018P | N 2013-2018 Total | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **CIS Related Categories** | | | | | | | | | | | | | | | |
| 1 | Old CIS Licence Fee | | | | | | | | | | | | | | | |
| 2 | Old CIS Hosting and Support | $19,350,434 | $19,611,155 | $14,108,849 | $0 | $0 | $0 | $53,070,438 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | |
| 2a | Incumbent (CWLP) CIS Services being provided from January to March 2007 | | | | | | | | | | | | | | | |
| 3 | New CIS Capital Cost @ Board Approved **36%** Equity | $0 | $0 | $950,000 | ($5,260,000) | $25,890,000 | $24,910,000 | $46,490,000 | $25,420,000 | $24,380,000 | $23,320,000 | $22,320,000 | $21,310,000 | $20,260,000 | $137,010,000 | |
| 4 | New CIS Hosting and Support | $0 | $0 | $1,923,502 | $6,334,638 | $6,512,008 | $7,569,610 | $22,339,757 | $7,781,559 | $7,995,552 | $8,237,417 | $8,486,599 | $8,743,318 | $9,007,804 | $50,252,248 | |
| 5 | CIS Backoffice (EGD Staffing) | $0 | $60,000 | $776,037 | $2,585,936 | $2,679,030 | $2,767,438 | $8,868,441 | $2,858,763 | $2,947,385 | $3,047,891 | $3,151,824 | $3,259,301 | $3,370,443 | $18,635,607 | |
| 6 | SAP Licence Fees | $0 | $0 | $683,519 | $2,047,285 | $2,131,224 | $2,212,210 | $7,074,238 | $2,296,274 | $2,378,940 | $2,471,957 | $2,568,610 | $2,669,043 | $2,773,402 | $15,158,226 | |
| 7 | SAP Modifications | $0 | $0 | $0 | $1,274,000 | $0 | $0 | $1,274,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | |
| | ***Subtotal*** | $19,350,434 | $19,671,155 | $18,441,907 | $6,981,859 | $37,212,261 | $37,459,258 | $139,116,874 | $38,356,596 | $37,701,876 | $37,077,264 | $36,527,033 | $35,981,662 | $35,411,649 | $221,056,081 | |
| | ***New CIS Related Only Cost/Customer*** | | | | $3.60 | $18.76 | $18.53 | | $18.62 | $17.95 | $17.31 | $16.71 | $16.14 | $15.61 | | |
| | ***Total Lines 3-7 ie. New CIS costs*** | $0 | $60,000 | $4,333,058 | $6,981,859 | $37,212,261 | $37,459,258 | | $38,356,596 | $37,701,876 | $37,077,264 | $36,527,033 | $35,981,662 | $35,411,649 | | $ 307,102,517 |
| | ***new CIS Customers (2009 prorated for 4 months)*** | - | - | 636,609 | 1,941,221 | 1,983,990 | 2,021,109 | | 2,059,959 | 2,100,317 | 2,142,191 | 2,185,464 | 2,229,173 | 2,269,074 | | 19,569,107 |
| | ***Average Cost/Customer of new CIS*** | | | | | | | | | | | | | | | 15.69 |

# UNDERTAKING JTC1.4

## UNDERTAKING

Tr: 69

To confirm that the total actual CIS and Customer Care cost per customer in 2007 was $51.21 per customer and the forecast cost per customer for 2018 is $59.33.

## RESPONSE

Please see the table that follows.

The total cost per customer for 2007 is $51.35. The total cost per customer for 2018 is $59.33. Given that there are 11 escalation periods between 2007 and 2018, the average annual increase is 1.3% i.e., $51.35 * (1.0132)^11 = $59.33.

Witness: S. McGill

Witness: S. McGill

***Exhibit B/5/2***
***Cost per Customer***

| # | Category of Cost | A 2007A | B 2008A | C 2009A | D 2010A | E 2011 | F 2012 | G 2007-2012 Total |
|---|---|---|---|---|---|---|---|---|
| | **CIS Related Categories** | | | | | | | |
| 1 | *Old CIS Licence Fee* | | | | | | | |
| 2 | *Old CIS Hosting and Support* | $19,350,434 | $19,611,155 | $14,108,849 | $0 | $0 | $0 | $53,070,438 |
| 2a | *Incumbent (CWLP) CIS Services being provided from January to March 2007* | | | | | | | |
| 3 | *New CIS Capital Cost @ Board Approved* ***36%*** *Equity* | $0 | $0 | $950,000 | ($5,260,000) | $25,890,000 | $24,910,000 | $46,490,000 |
| 4 | *New CIS Hosting and Support* | $0 | $0 | $1,923,502 | $6,334,638 | $6,512,008 | $7,569,610 | $22,339,757 |
| 5 | *CIS Backoffice (EGD Staffing)* | $0 | $60,000 | $776,037 | $2,585,936 | $2,679,030 | $2,767,438 | $8,868,441 |
| 6 | *SAP Licence Fees* | $0 | $0 | $683,519 | $2,047,285 | $2,131,224 | $2,212,210 | $7,074,238 |
| 7 | *SAP Modifications* | $0 | $0 | $0 | $1,274,000 | $0 | $0 | $1,274,000 |
| | ***Subtotal*** | **$19,350,434** | **$19,671,155** | **$18,441,907** | **$6,981,859** | **$37,212,261** | **$37,459,258** | **$139,116,874** |
| | *CIS Related Only Cost/Customer* | $10.54 | $10.48 | $9.66 | $3.60 | $18.76 | $18.53 | |
| | **Customer Care Related Categories** | | | | | | | |
| 8 | *Incumbent (CWLP) Customer Care Services being provided from - January to March 2007* | $21,692,877 | $0 | $0 | $0 | $0 | $0 | $21,692,877 |
| 9 | *Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sept. 30, 2008* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | *New Service Provider Contract Cost* | $46,525,654 | $64,972,145 | $67,933,444 | $68,741,772 | $ 69,967,590 | $ 71,774,632 | $389,915,237 |
| 10a | *ACN, MTP & Collection Agency costs* | $32,064,293 | $45,244,952 | $47,288,442 | $47,195,632 | $ 46,291,468 | 46,928,238 | $265,013,025 |
| 10b | *MET* | $6,347,295 | $8,702,351 | $8,870,583 | $9,065,778 | $10,105,630 | $10,294,409 | $53,386,046 |
| 10c | *Postage* | $8,114,066 | $11,024,842 | $11,774,419 | $12,480,362 | $13,570,492 | $14,551,985 | $71,516,165 |
| 11 | *Customer Care Licences* | $2,629,584 | $2,478,932 | $1,797,851 | $1,710,495 | $1,310,495 | $1,360,294 | $11,287,651 |
| 12 | *Customer Care Backoffice (EGD staffing)* | $4,124,834 | $3,160,856 | $3,217,331 | $4,085,696 | $4,232,781 | $4,372,463 | $23,193,961 |
| 13 | *Customer Care Procurement Costs* | $0 | $980,000 | $980,000 | $980,000 | $980,000 | $980,000 | $4,900,000 |
| 14 | *Transition Costs - Consultants and ISP* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 15 | *Transition Costs - EGD Staffing* | | | | | | | |
| 16 | **Total CIS & Customer Care** | $94,323,383 | $91,263,088 | $92,370,533 | $82,499,822 | $113,703,127 | $115,946,646 | $590,106,600 |
| 17 | *Number of Customers* | 1,836,718 | 1,876,290 | 1,909,827 | 1,941,221 | 1,983,990 | 2,021,109 | 11,569,156 |
| | ***Total Customer Care Only*** | **74,972,949** | **71,591,933** | **73,928,626** | **75,517,963** | **76,490,866** | **78,487,389** | **450,989,726** |
| | ***Customer Care Only Cost/Customer*** | 40.82 | 38.16 | 38.71 | 38.90 | 38.55 | 38.83 | |
| | ***Cust Care only Cost/Customer Annual Change %*** | | -7% | 1% | 0% | -1% | 1% | |
| | ***Total CIS and Customer Care Cost/Customer*** | **51.35** | **48.64** | **48.37** | **42.50** | **57.31** | **57.37** | |

| # | Category of Cost | H 2013P | I 2014P | J 2015P | K 2016P | L 2017P | M 2018P | N 2013-2018 Total |
|---|---|---|---|---|---|---|---|---|
| | **CIS Related Categories** | | | | | | | |
| 1 | *Old CIS Licence Fee* | | | | | | | |
| 2 | *Old CIS Hosting and Support* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2a | *Incumbent (CWLP) CIS Services being provided from January to March 2007* | | | | | | | |
| 3 | *New CIS Capital Cost @ Board Approved* ***36%*** *Equity* | $25,420,000 | $24,380,000 | $23,320,000 | $22,320,000 | $21,310,000 | $20,260,000 | $137,010,000 |
| 4 | *New CIS Hosting and Support* | $7,781,559 | $7,995,552 | $8,237,417 | $8,486,599 | $8,743,318 | $9,007,804 | $50,252,248 |
| 5 | *CIS Backoffice (EGD Staffing)* | $2,858,763 | $2,947,385 | $3,047,891 | $3,151,824 | $3,259,301 | $3,370,443 | $18,635,607 |
| 6 | *SAP Licence Fees* | $2,296,274 | $2,378,940 | $2,471,957 | $2,568,610 | $2,669,043 | $2,773,402 | $15,158,226 |
| 7 | *SAP Modifications* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | ***Subtotal*** | **$38,356,596** | **$37,701,876** | **$37,077,264** | **$36,527,033** | **$35,981,662** | **$35,411,649** | **$221,056,081** |
| | *CIS Related Only Cost/Customer* | $18.62 | $17.95 | $17.31 | $16.71 | $16.14 | $15.61 | |
| | **Customer Care Related Categories** | | | | | | | |
| 8 | *Incumbent (CWLP) Customer Care Services being provided from - January to March 2007* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 9 | *Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sept. 30, 2008* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | *New Service Provider Contract Cost* | $74,670,566 | $77,937,876 | $81,276,823 | $84,469,914 | $87,763,976 | $92,188,004 | $498,307,159 |
| 10a | *ACN, MTP & Collection Agency costs* | 48,605,388.47 | 50,478,999.25 | 52,238,204.51 | 53,785,231.25 | 55,378,239.92 | 58,108,383.93 | $318,594,447 |
| 10b | *MET* | $10,491,888 | $10,824,366 | $11,301,277 | $11,802,274 | $12,323,179 | $12,841,088 | $69,584,071 |
| 10c | *Postage* | $15,573,290 | $16,634,511 | $17,737,341 | $18,882,409 | $20,062,557 | $21,238,533 | $110,128,641 |
| 11 | *Customer Care Licences* | $1,411,985 | $1,462,816 | $1,520,013 | $1,579,445 | $1,641,201 | $1,705,372 | $9,320,833 |
| 12 | *Customer Care Backoffice (EGD staffing)* | $4,516,754 | $4,656,774 | $4,815,570 | $4,979,781 | $5,149,591 | $5,325,192 | $29,443,662 |
| 13 | *Customer Care Procurement Costs* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 14 | *Transition Costs - Consultants and ISP* | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 15 | *Transition Costs - EGD Staffing* | | | | | | | |
| 16 | **Total CIS & Customer Care** | $118,955,902 | $121,759,343 | $124,689,670 | $127,556,172 | $130,536,430 | $134,630,218 | $758,127,734 |
| 17 | *Number of Customers* | 2,059,959 | 2,100,317 | 2,142,191 | 2,185,464 | 2,229,173 | 2,269,074 | 12,986,178 |
| | ***Total Customer Care Only*** | **80,599,306** | **84,057,466** | **87,612,405** | **91,029,139** | **94,554,768** | **99,218,569** | **537,071,654** |
| | ***Customer Care Only Cost/Customer*** | 39.13 | 40.02 | 40.90 | 41.65 | 42.42 | 43.73 | |
| | ***Cust Care only Cost/Customer Annual Change %*** | 1% | 2% | 2% | 2% | 2% | 3% | |
| | ***Total CIS and Customer Care Cost/Customer*** | **57.75** | **57.97** | **58.21** | **58.37** | **58.56** | **59.33** | |

# UNDERTAKING JTC1.5

## UNDERTAKING

Tr: 72

To provide updated 2013 Template which moves line 10a costs to line 12.

## RESPONSE

Please see updated Exhibit B, Tab 5, Schedule 2 below which shows the Large Billing Account ("LBA") costs moved from Line 10a to Line 12.

Witness: S. McGill

***Exhibit B/5/2***
***LBA Costs Moved from Line 10a to Line 12***

| # | | A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| # | *Category of Cost* | *2007A* | *2008A* | *2009A* | *2010A* | *2011* | *2012* | *2007-2012* | *2013P* | *2014P* | *2015P* | *2016P* | *2017P* | *2018P* | *2013-2018* |
| | **CIS Related Categories** | | | | | | | *Total* | | | | | | | *Total* |
| 1 | *Old CIS Licence Fee* | | | | | | | | | | | | | | |
| 2 | *Old CIS Hosting and Support* | $19,350,434 | $19,611,155 | $14,108,849 | $0 | $0 | $0 | $53,070,438 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2a | *Incumbent (CWLP) CIS Services being provided from January to March 2007* | | | | | | | | | | | | | | |
| 3 | *New CIS Capital Cost @ Board Approved **36%** Equity* | $0 | $0 | $950,000 | ($5,260,000) | $25,890,000 | $24,910,000 | $46,490,000 | $25,420,000 | $24,380,000 | $23,320,000 | $22,320,000 | $21,310,000 | $20,260,000 | $137,010,000 |
| 4 | *New CIS Hosting and Support* | $0 | $0 | $1,923,502 | $6,334,638 | $6,512,008 | $7,569,610 | $22,339,757 | $7,781,559 | $7,995,552 | $8,237,417 | $8,486,599 | $8,743,318 | $9,007,804 | $50,252,248 |
| 5 | *CIS Backoffice (EGD Staffing)* | $0 | $60,000 | $776,037 | $2,585,936 | $2,679,030 | $2,767,438 | $8,868,441 | $2,858,763 | $2,947,385 | $3,047,891 | $3,151,824 | $3,259,301 | $3,370,443 | $18,635,607 |
| 6 | *SAP Licence Fees* | $0 | $0 | $683,519 | $2,047,285 | $2,131,224 | $2,212,210 | $7,074,238 | $2,296,274 | $2,378,940 | $2,471,957 | $2,568,610 | $2,669,043 | $2,773,402 | $15,158,226 |
| 7 | *SAP Modifications* | $0 | $0 | $0 | $1,274,000 | $0 | $0 | $1,274,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | ***Subtotal*** | **$19,350,434** | **$19,671,155** | **$18,441,907** | **$6,981,859** | **$37,212,261** | **$37,459,258** | **$139,116,874** | **$38,356,596** | **$37,701,876** | **$37,077,264** | **$36,527,033** | **$35,981,662** | **$35,411,649** | **$221,056,081** |
| | **Customer Care Related Categories** | | | | | | | | | | | | | | |
| 8 | *Incumbent (CWLP) Customer Care Services being provided from - January to March 2007* | $21,692,877 | $0 | $0 | $0 | $0 | $0 | $21,692,877 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 9 | *Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sept. 30, 2008* | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | *New Service Provider Contract Cost* | $46,525,654 | $64,972,145 | $67,933,444 | $68,741,772 | $ 68,409,007 | $ 69,324,194 | $385,906,216 | $72,088,098 | $75,210,223 | $78,393,366 | $81,420,790 | $84,554,019 | $88,835,405 | $480,501,901 |
| 10a | *ACN, MTP & Collection Agency costs* | $32,064,293 | $45,244,952 | $47,288,442 | $47,195,632 | $ 44,732,885 | 44,477,800 | $261,004,004 | 46,022,920 | 47,751,346 | 49,354,748 | 50,736,108 | 52,168,283 | 54,755,784 | $300,789,189 |
| 10b | *MET* | $6,347,295 | $8,702,351 | $8,870,583 | $9,065,778 | $10,105,630 | $10,294,409 | $53,386,046 | $10,491,888 | $10,824,366 | $11,301,277 | $11,802,274 | $12,323,179 | $12,841,088 | $69,584,071 |
| 10c | *Postage* | $8,114,066 | $11,024,842 | $11,774,419 | $12,480,362 | $13,570,492 | $14,551,985 | $71,516,165 | $15,573,290 | $16,634,511 | $17,737,341 | $18,882,409 | $20,062,557 | $21,238,533 | $110,128,641 |
| 11 | *Customer Care Licences* | $2,629,584 | $2,478,932 | $1,797,851 | $1,710,495 | $1,310,495 | $1,360,294 | $11,287,651 | $1,411,985 | $1,462,816 | $1,520,013 | $1,579,445 | $1,641,201 | $1,705,372 | $9,320,833 |
| 12 | *Customer Care Backoffice (EGD staffing)* | $4,124,834 | $3,160,856 | $3,217,331 | $4,085,696 | $5,791,364 | $6,822,901 | $27,202,982 | $7,099,223 | $7,384,427 | $7,699,027 | $8,028,904 | $8,359,548 | $8,677,792 | $47,248,920 |
| 13 | *Customer Care Procurement Costs* | $0 | $980,000 | $980,000 | $980,000 | $980,000 | $980,000 | $4,900,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 14 | *Transition Costs - Consultants and ISP* | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 15 | *Transition Costs - EGD Staffing* | | | | | | | | | | | | | | |
| 16 | **Total CIS & Customer Care** | $94,323,383 | $91,263,088 | $92,370,533 | $82,499,822 | $113,703,127 | $115,946,646 | $590,106,600 | $118,955,902 | $121,759,343 | $124,689,670 | $127,556,172 | $130,536,430 | $134,630,218 | $758,127,734 |
| 17 | *Number of Customers* | 1,836,718 | 1,876,290 | 1,909,827 | 1,941,221 | 1,983,990 | 2,021,109 | 11,569,156 | 2,059,959 | 2,100,317 | 2,142,191 | 2,185,464 | 2,229,173 | 2,269,074 | 12,986,178 |
| | ***Total Customer Care Only*** | **74,972,949** | **71,591,933** | **73,928,626** | **75,517,963** | **76,490,866** | **78,487,389** | **450,989,726** | **80,599,306** | **84,057,466** | **87,612,405** | **91,029,139** | **94,554,768** | **99,218,569** | **537,071,654** |
| | ***Customer Care Only Cost/Customer*** | 40.82 | 38.16 | 38.71 | 38.90 | 38.55 | 38.83 | | 39.13 | 40.02 | 40.90 | 41.65 | 42.42 | 43.73 | |
| | ***Cust Care only Cost/Customer Annual Change %*** | | -7% | 1% | 0% | -1% | 1% | | 1% | 2% | 2% | 2% | 2% | 3% | |

Witness: S. McGill

| | True-Up Process Step | A | B | C | D | E | F | G | H | I | J | K | L | | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 | *The Normalized 2007 Customer Care Revenue Requirement can be determined. This will be calculated by starting with the Total Customer Care Revenue Requirement for 2007 to 2012, which is the amount in box G16* | $590,106,600 | | | | | | | | | | | | | |
| 19 | *That Total Customer Care Revenue Requirement will then be placed into an amortization model that calculates, using the IR annual adjustment that is approved for Enbridge Gas Distribution, the Normalized 2007 Customer Care Revenue Requirement which is the number that, when adjusted for IR annual adjustment for each year from 2008 through 2012, will allow the Company to fully recover the Total Customer Care Revenue Requirement for 2007 to 2012* <br> *[ Sample calculation using the following formula as the Amortization Model:* <br> *Adjusted Customer Care Revenue Requirement for 2008 to 2012 = ACRR* <br> *IR Annual Adjustment = IRAA* <br> *Term of IR = TOIR* <br> *Normalized 2008 Customer Care Revenue Requirement = N2008CCRR* <br><br> *N2008CCRR = ACRR - (ACRR + (ACRR) (- IRAA ) ] ((1+IRAA)^TOIR - 1 )* | $94,074,451.45 | | | | | | | $120,860,283.14 | | | | | | |
| 20 | *The Normalized 2007 Customer Care Revenue Requirement will then be compared to the 2007 placeholder of $90.8 million, and the difference will be the 2007 Customer Care Revenue Requirement Variance.* | $3,274,451 | | | | | | | | | | | | | |
| 21 | *The Company will credit or debit the 2007 Customer Care Revenue Requirement Variance, as the case may be, to the 2007 Customer Care Variance Account. The balance in that account will be repaid to the ratepayers, or charged to the ratepayers, with interes* | | $654,890 | $654,890 | $654,890 | $654,890 | $654,890 | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 22 | ***The Normalized 2008 Customer Care Revenue Requirement will be the Normalized 2007 Customer Care Revenue Requirement, plus or minus the IR annual adjustment that is approved for Enbridge Gas Distribution.*** | **$94,074,451** | **$95,745,026** | **$97,445,266** | **$99,175,699** | **$100,936,861** | **$102,729,298** | $590,106,600 | **$120,860,283** | **$123,006,520** | **$125,190,870** | **$127,414,009** | **$129,676,627** | **$131,979,425** | 758,127,734.43 |
| 23 | *Total Customer Care Revenue By Year (Including repayment of 2007 variance)* | $ 90,800,000 | $ 96,399,916 | $ 98,100,156 | $ 99,830,589 | $ 101,591,751 | $ 103,384,188 | $ 590,106,600 | $ 120,860,283 | $ 123,006,520 | $ 125,190,870 | $ 127,414,009 | $ 129,676,627 | $ 131,979,425 | $ 758,127,734 |
| 24 | *Normalized Customer Care Revenue Requirement Per Customer without Bad Debt* | $ 49.44 | $ 51.38 | $ 51.37 | $ 51.43 | $ 51.21 | $ 51.15 | | $ 58.67 | $ 58.57 | $ 58.44 | $ 58.30 | $ 58.17 | $ 58.16 | |
| 25 | *Annual Adjustment assumed in above calcs.* | ***1.7758%*** | | | | | | | ***1.77580%*** | | | | | | |

Witness: S. McGill

# UNDERTAKING JTC1.6

## UNDERTAKING

Tr: 74

To provide updated numbers Column E for 2011 in Exhibit B, Tab 5, Schedule 2

## RESPONSE

Please see the table that follows for updated Column E. Please note that not all of the updated costs for 2011 are sustainable into 2012 and beyond. An example would be postage where future costs are developed independently for each year and are based on postage rates. Another example is Customer Care licenses where the 2011 current forecast may not be indicative of future costs and requirements.

Witness:

***Exhibit B/5/2 Column E "2011"- Updated with 2011 Current Forecast***

| # | Category of Cost | E<br>2011CF |
|---|---|---|
| | **CIS Related Categories** | |
| 1 | Old CIS Licence Fee | |
| 2 | Old CIS Hosting and Support | $0 |
| 2a | Incumbent (CWLP) CIS Services being provided from January to March 2007 | |
| 3 | New CIS Capital Cost @ Board Approved **36%** Equity | $25,890,000 |
| 4 | New CIS Hosting and Support | $6,480,745 |
| 5 | CIS Backoffice (EGD Staffing) | 2,650,518 |
| 6 | SAP Licence Fees | $2,092,325 |
| 7 | SAP Modifications | $0 |
| | ***Subtotal*** | **$37,113,588** |
| | **Customer Care Related Categories** | |
| 8 | Incumbent (CWLP) Customer Care Services being provided from - January to March 2007 | $0 |
| 9 | Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sept. 30, 2008 | $0 |
| 10 | New Service Provider Contract Cost | $ 69,719,884 |
| 10a | ACN, MTP & Collection Agency costs | $ 46,291,468 |
| 10b | MET | $10,060,120 |
| 10c | Postage | $13,368,296 |
| 11 | Customer Care Licences | $925,000 |
| 12 | Customer Care Backoffice (EGD staffing) | $4,183,052 |
| 13 | Customer Care Procurement Costs | $980,000 |
| 14 | Transition Costs - Consultants and ISP | $0 |
| 15 | Transition Costs - EGD Staffing | |
| **16** | **Total CIS & Customer Care** | $112,921,525 |
| **17** | Number of Customers | 1,983,990 |
| | ***Total Customer Care Only*** | **75,807,936** |
| | ***Customer Care Only Cost/Customer*** | 38.21 |

Witness:

# UNDERTAKING JTC1.7

## UNDERTAKING

Tr:81

To provide a forecast of what the GDP IPI FDD inflation factor as set out in the IR Settlement Agreement would be for years 2012 to 2018.

## RESPONSE

Please refer to the following table for the forecasted GDP IPI FDD using the most current available forecast information for the inputs into the calculation of forecasted GDP IPI FDD.

Enbridge's view is that CPI and wage inflations are more appropriate forecasts of inflation than GDP IPI FDD. Enbridge does not use GDP IPI FDD for its own internal forecasting for cost purposes. Moreover, it must be noted that this forecast of the inflation factor does not use any Board-approved methodology or any process employed at any other utility (to our knowledge). The forecast is generated through an internally developed process, as there is no consensus forecast readily available.

| | GDP IPI FDD |
|---|---|
| 2012 | 1.70% |
| 2013 | 1.73% |
| 2014 | 1.70% |
| 2015 | 1.70% |
| 2016 | 1.69% |
| 2017 | 1.70% |
| 2018 | 1.70% |

Witness: K. Culbert

## UNDERTAKING JTC1.8

### UNDERTAKING

Tr: 83

To break out the costs in row 4 of the template into the hardware costs, 2010 actual versus what is built into 2012.

### RESPONSE

Please see the table below which sets out 2010 actual costs, broken down into categories of costs. These costs are escalated based upon CPI and wage inflation. Additionally, increased hardware maintenance was added to 2012 as the existing hardware will be 4 to 5 years old at that point, which is when the current hardware maintenance arrangement with HP expires.

**2010 Escalated per stated methodology**

**Line 4 - New CIS Hosting & Support**

| | 2010 | 2011 | *2012* |
|---|---|---|---|
| Hosting | | | |
| People costs (internal and contractor) | 1,068,065 | 1,097,971 | 1,128,165 |
| Hardware Maintenance | 556,512 | 572,094 | 1,466,349 |
| Software Maintenance/DR/oth | 101,962 | 104,817 | 107,699 |
| Telecomm | 156,004 | 160,372 | 164,782 |
| Helpdesk (contractor) | 148,859 | 153,027 | 157,235 |
| Consulting & Contractors | 246,726 | 253,634 | 260,609 |
| | 2,278,128 | 2,341,916 | 3,284,840 |
| Support | 4,056,510 | 4,170,092 | 4,284,770 |
| | 6,334,638 | 6,512,008 | 7,569,610 |

Witness: S. McGill

# UNDERTAKING JTC1.9

## UNDERTAKING

Tr: 87

To advise if more current figures are available for inflation factors.

## RESPONSE

The EGD Summer 2011 Economic Outlook is the latest available information. The CPI and wage consensus inflation forecasts from the Summer 2011 Outlook are presented below.

The updated CPI is higher in the first year and lower in trailing years. The 2011-2018 effective rate is slightly lower using the Summer 2011 forecast. However, the updated wage inflation is higher across all years and the 2011-2018 effective rate is significantly higher.

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Escalator Forecasts (Note 1):** | | | | | | | | | | | |
| CPI | | | | 3.0% | 2.2% | 2.1% | 2.0% | 2.1% | 2.1% | 2.1% | 2.1% |
| Wage Inflation | | | | 5.3% | 4.7% | 4.0% | 3.6% | 3.9% | 3.9% | 3.9% | 3.9% |

Note 1: The specific sources used to form the consensus forecast are as follows:

Consumer Price Index:
1. BMO Capital Markets Economics (Public Access)
2. CIBC World Markets (Public Access)
3. Desjardins Economic Studies (Public Access)
4. RBC Economics Research (Public Access)
5. Scotiabank Global Economic Research (Public Access)
6. TD Economics (Public Access)
7. Conference Board of Canada (Subscriber Service)
8. Informetrica (Subscriber Service)

Wage Rate:
1. Conference Board of Canada (Subscriber Service)
2. Informetrica (Subscriber Service)

Witness: S. McGill

# UNDERTAKING JTC1.10

## UNDERTAKING

Tr: 91

To explain the change in total customer care revenue from $99.2 million for 2012 at Ex.A,T2, S2, line 23 col. F to 2013 balance of the $120.9 million set out at line 23, col. H.

## RESPONSE

| Line No. | Description | Col. 1 ($millions) |
|---|---|---|
| 1. | Change in rates / revenue requirement from 2012 to 2013 (Exhibit A, T2, S2, Pg.2 Line 23, Col. F-$99.2 M to Col. H - $120.9 M) | 21.7 |
| | Contributors to 2012 to 2013 change | |
| 2. | CIS asset expiration of tax deductible CCA from 2012 to 2013 (Ex.B, T3, S3, col. 7 - col. 5, line 1) | 14.4 |
| 3. | Impact of additional IDC net of lower other costs from 2012 to 2013 (Ex.B, T3, S4, 2013 col., line 13) | 0.3 |
| 4. | Impact of allowed sytem integrator cost from 2012 to 2013 (Ex.B, T3, S4, 2013 col., line 17) | 1.2 |
| 5. | New CIS hosting and support (Ex.A, T2, S2, p.1, col.F-col.H, line 4) | (0.9) |
| 6. | CIS Backoffice -EGD staffing (Ex.A, T2, S2, p.1, col.F-col.H, line 5) | 0.7 |
| 7. | SAP Licence fees (Ex.A, T2, S2, p.1, col.F-col.H, line 6) | 0.1 |
| 8. | New Service Provider Contract Costs (Ex.A, T2, S2, p.1, col.F-col.H, line 10) | 2.2 |
| 9. | Customer Care Licences (Ex.A, T2, S2, p.1, col.F-col.H, line 11) | - |
| 10. | Customer Care Backoffice -EGD staffing (Ex.A, T2, S2, p.1, col.F-col.H, line 12) | 0.9 |
| 11. | Customer Care Procurement (Ex.A, T2, S2, p.1, col.F - col.H, line 12) | (1.0) |
| 12. | 2013 smoothing impact (Ex.A, T2, S2, p.2, col.H line 23 - col.H line 16) | 1.9 |
| 13. | 2012 residual smoothing impact excluding CIS CCA smoothing impact | 2.0 |
| 14. | Rounding | (0.1) |
| 15. | Change in rates / revenue requirement from 2012 to 2013 | 21.7 |

As can be seen from the line items below, $19.8 million or 91% of the change in revenue requirement is due to CIS and smoothing impacts.

Witness: K. Culbert

# UNDERTAKING JTC1.11

## UNDERTAKING

Tr: 117

To recalculate the numbers from 2012 to 2018 on a cost per customer basis on the assumption there is no jump.

## RESPONSE

The Customer Care / CIS settlement template, Exhibit A, Tab 2, Schedule 2 has been recalculated as attached, to show recovery of the 2013 to 2018 total revenue requirement of $758.1 million, while increasing the 2012 approved total annual CC / CIS cost per customer from $47.91 (Exhibit A, Tab 2, Schedule 2, p. 2, Column F, Line 24) equally for each of the years 2013 through 2018. A section has been added to the 2013 to 2018 portion of the Template (Exhibit A, Tab 2, Schedule 2) attached to present the carrying cost associated with the under collection of the Customer Care revenue requirement in 2013 through 2016, as contemplated in this Undertaking. Enbridge would require recovery of that carrying cost if this approach was adopted.

Witness: S. McGill

*"2013 Template"*

***Customer Care and CIS Settlement Template - through 2018 - Scenario for Undertaking JTC 1.11***

| # | Category of Cost | A 2007 | B 2008 | C 2009 | D 2010 | E 2011 | F 2012 | G 2007-2012 Total | H 2013P | I 2014P | J 2015P | K 2016P | L 2017P | M 2018P | N 2013-2018 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **CIS Related Categories** | | | | | | | | | | | | | | |
| 1 | Old CIS Licence Fee | | | | | | | | | | | | | | |
| 2 | Old CIS Hosting and Support | $14,200,000 | $9,800,000 | $4,900,000 | $0 | $0 | $0 | $28,900,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2a | Incumbent (CWLP) CIS Services being provided from January to March 2007 | | | | | | | | | | | | | | |
| 3 | New CIS Capital Cost @ Board Approved **36%** Equity | $0 | $0 | $950,000 | ($5,260,000) | $25,890,000 | $24,910,000 | $46,490,000 | $25,420,000 | $24,380,000 | $23,320,000 | $22,320,000 | $21,310,000 | $20,260,000 | $137,010,000 |
| 4 | New CIS Hosting and Support | $0 | $0 | $4,350,000 | $8,700,000 | $8,700,000 | $8,700,000 | $30,450,000 | $7,781,559 | $7,995,552 | $8,237,417 | $8,486,599 | $8,743,318 | $9,007,804 | $50,252,248 |
| 5 | CIS Backoffice (EGD Staffing) | $1,000,000 | $1,030,000 | $2,000,000 | $2,060,000 | $2,121,800 | $2,185,454 | $10,397,254 | $2,858,763 | $2,947,385 | $3,047,891 | $3,151,824 | $3,259,301 | $3,370,443 | $18,635,607 |
| 6 | SAP Licence Fees | $0 | $0 | $1,113,500 | $2,227,000 | $2,227,000 | $2,227,000 | $7,794,500 | $2,296,274 | $2,378,940 | $2,471,957 | $2,568,610 | $2,669,043 | $2,773,402 | $15,158,226 |
| 7 | SAP Modifications | $0 | $0 | $1,000,000 | $1,000,000 | $0 | $0 | $2,000,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | ***Subtotal*** | **$15,200,000** | **$10,830,000** | **$14,313,500** | **$8,727,000** | **$38,938,800** | **$38,022,454** | **$126,031,754** | **$38,356,596** | **$37,701,876** | **$37,077,264** | **$36,527,033** | **$35,981,662** | **$35,411,649** | **$221,056,081** |
| | **Customer Care Related Categories** | | | | | | | | | | | | | | |
| 8 | Incumbent (CWLP) Customer Care Services being provided from - January to March 2007 | $16,900,000 | $0 | $0 | $0 | $0 | $0 | $16,900,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 9 | Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sept. 30, 2008 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | New Service Provider Contract Cost | $47,803,098 | $66,069,140 | $67,251,948 | $68,885,212 | $ 70,731,432 | $ 72,542,088 | $393,282,918 | $74,670,566 | $77,937,876 | $81,276,823 | $84,469,914 | $87,763,976 | $92,188,004 | $498,307,159 |
| 10a | ACN, MTP & Collection Agency costs | - | - | - | - | - | - | - | 48,605,388.47 | 50,478,999.25 | 52,238,204.51 | 53,785,231.25 | 55,378,239.92 | 58,108,383.93 | $318,594,447 |
| 10b | MET | - | - | - | - | - | - | - | $10,491,888 | $10,824,366 | $11,301,277 | $11,802,274 | $12,323,179 | $12,841,088 | $69,584,071 |
| 10c | Postage | - | - | - | - | - | - | - | $15,573,290 | $16,634,511 | $17,737,341 | $18,882,409 | $20,062,557 | $21,238,533 | $110,128,641 |
| 11 | Customer Care Licences | $1,400,000 | $1,400,000 | $1,400,000 | $1,400,000 | $1,400,000 | $1,400,000 | $8,400,000 | $1,411,985 | $1,462,816 | $1,520,013 | $1,579,445 | $1,641,201 | $1,705,372 | $9,320,833 |
| 12 | Customer Care Backoffice (EGD staffing) | $3,100,000 | $3,193,000 | $3,288,790 | $3,387,454 | $3,489,077 | $3,593,750 | $20,052,071 | $4,516,754 | $4,656,774 | $4,815,570 | $4,979,781 | $5,149,591 | $5,325,192 | $29,443,662 |
| 13 | Customer Care Procurement Costs | - | 980,000 | 980,000 | 980,000 | 980,000 | 980,000 | 4,900,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 14 | Transition Costs - Consultants and ISP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 15 | Transition Costs - EGD Staffing | | | | | | | | | | | | | | |
| **16** | **Total CIS & Customer Care** | $84,403,098 | $82,472,140 | $87,234,238 | $83,379,666 | $115,539,309 | $116,538,292 | $569,566,743 | $118,955,902 | $121,759,343 | $124,689,670 | $127,556,172 | $130,536,430 | $134,630,218 | $758,127,734 |
| **17** | Number of Customers | 1,831,283 | 1,878,004 | 1,925,563 | 1,973,575 | 2,021,588 | 2,069,600 | 11,699,613 | 2,059,959 | 2,100,317 | 2,142,191 | 2,185,464 | 2,229,173 | 2,269,074 | 12,986,178 |
| | ***Total Customer Care Only*** | **69,203,098** | **71,642,140** | **72,920,738** | **74,652,666** | **76,600,509** | **78,515,838** | **443,534,989** | **80,599,306** | **84,057,466** | **87,612,405** | **91,029,139** | **94,554,768** | **99,218,569** | **537,071,654** |
| | ***Customer Care Only Cost/Customer*** | 37.79 | 38.15 | 37.87 | 37.83 | 37.89 | 37.94 | | 39.13 | 40.02 | 40.90 | 41.65 | 42.42 | 43.73 | |
| | ***Cust Care only Cost/Customer Annual Change %*** | | 1% | -1% | 0% | 0% | 0% | | 3% | 2% | 2% | 2% | 2% | 3% | |

Witness: S. McGill

| | True-Up Process Step | A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 | The Normalized 2007 Customer Care Revenue Requirement can be determined. This will be calculated by starting with the Total Customer Care Revenue Requirement for 2007 to 2012, which is the amount in box G16 | $569,566,743 | | | | | | | | | | | | | |
| 19 | That Total Customer Care Revenue Requirement will then be placed into an amortization model that calculates, using the IR annual adjustment that is approved for Enbridge Gas Distribution, the Normalized 2007 Customer Care Revenue Requirement which is the number that, when adjusted for IR annual adjustment for each year from 2008 through 2012, will allow the Company to fully recover the Total Customer Care Revenue Requirement for 2007 to 2012 [ Sample calculation using the following formula as the Amortization Model: Adjusted Customer Care Revenue Requirement for 2008 to 2012 = ACRR IR Annual Adjustment = IRAA Term of IR = TOIR Normalized 2008 Customer Care Revenue Requirement = N2008CCRR N2008CCRR = ACRR - (ACRR + (ACRR) (- IRAA ) ] ((1+IRAA)^TOIR - 1 ) | $90,799,999.40 | | | | | | | $104,800,000.00 | | | | | | |
| 20 | The Normalized 2007 Customer Care Revenue Requirement will then be compared to the 2007 placeholder of $90.8 million, and the difference will be the 2007 Customer Care Revenue Requirement Variance. | ($1) | | | | | | | | | | | | | |
| 21 | The Company will credit or debit the 2007 Customer Care Revenue Requirement Variance, as the case may be, to the 2007 Customer Care Variance Account. The balance in that account will be repaid to the ratepayers, or charged to the ratepayers, with interest | | ($0) | ($0) | ($0) | ($0) | ($0) | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 22 | **The Normalized 2008 Customer Care Revenue Requirement will be the Normalized 2007 Customer Care Revenue Requirement, plus or minus the IR annual adjustment that is approved for Enbridge Gas Distribution.** | **$90,799,999** | **$92,412,426** | **$94,053,486** | **$95,723,687** | **$97,423,549** | **$99,153,596** | $569,566,743 | **$ 104,755,526** | **$112,990,486** | **$121,549,066** | **$130,437,669** | **$139,608,341** | **$148,786,646** | 758,127,734 |
| 23 | Total Customer Care Revenue By Year (Including repayment of 2007 variance) | $ 90,800,000 | $ 92,412,426 | $ 94,053,486 | $ 95,723,687 | $ 97,423,549 | $ 99,153,596 | $ 569,566,743 | $ 104,755,526 | $112,990,486 | $121,549,066 | $130,437,669 | $139,608,341 | $148,786,646 | $ 758,127,734 |
| 24 | Normalized Customer Care Revenue Requirement Per Customer without Bad Debt | $ 49.58 | $ 49.21 | $ 48.84 | $ 48.50 | $ 48.19 | $ 47.91 | | $ 50.85 | $ 53.80 | $ 56.74 | $ 59.68 | $ 62.63 | $ 65.57 | |
| 25 | Annual Adjustment assumed in above calcs. | *1.7758%* | | | | | | | *0.00000%* | **<<<--Not required for JTC 1.11** | | | | | |

Cost per customer increase year over previous year

| | H | I | J | K | L | M |
|---|---|---|---|---|---|---|
| | $ 2.94 | $ 2.94 | $ 2.94 | $ 2.94 | $ 2.94 | $ 2.94 |

| Interest on Smoothed vs. Unsmoothed Revenue Requirement | | | | | | | |
|---|---|---|---|---|---|---|---|
| - Smoothed Revenue Requirement | 104,755,526 | 112,990,486 | 121,549,066 | 130,437,669 | 139,608,341 | 148,786,646 | 758,127,734 |
| - Unsmoothed Revenue Requirement | 118,955,902 | 121,759,343 | 124,689,670 | 127,556,172 | 130,536,430 | 134,630,218 | 758,127,734 |
| - Annual Difference | (14,200,376) | (8,768,856) | (3,140,604) | 2,881,497 | 9,071,911 | 14,156,427 | (0) |
| - Interest on Deferred Revenue Requirement at : | 213,006 | 557,544 | 736,186 | 740,073 | 560,772 | 212,346 | 3,019,926 |

## UNDERTAKING JTC1.12

### UNDERTAKING

Tr: 120

To provide breakdown of costs shown in VECC Interrogatory Exhibit I, Tab 2, Schedule 6, Page 2.

### RESPONSE

Please see the detailed forecast of OBA costs set-out in the table below. Note that these figures have been revised to include costs and revenues and related earnings for ex-franchise billing services. The cost and revenue forecasts are based upon current parameters and assume the same revenues and sharing as set out in the current Open Bill Services Agreement. That arrangement expires on January 1, 2013, meaning that the actual revenues, costs and sharing after that date will be based upon any successor agreement and or regulatory treatment.

| Open Bill Access - Forecast Revenues and Costs 2011 through 2019 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Forecast 1+11** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Revenue** | $19,654,799 | $20,545,784 | $20,712,776 | $20,881,302 | $21,052,529 | $21,225,061 | $21,401,229 | $22,487,915 |
| **Costs** | **$ 12,889,487** | **$ 14,081,506** | **$ 14,034,496** | **$ 13,979,833** | **$ 14,107,879** | **$ 14,432,165** | **$ 14,808,838** | **$ 15,904,175** |
| **Net Contribution** | $6,765,312 | $6,464,278 | $6,678,280 | $6,901,470 | $6,944,650 | $6,792,896 | $6,592,392 | $6,583,740 |
| Ratepayer Benefit | $5,507,370 | $5,492,713 | $5,488,091 | $5,483,609 | $5,479,254 | $5,475,033 | $5,470,926 | $5,466,941 |
| EGD Benefit | $1,257,942 | $971,565 | $1,190,189 | $1,417,861 | $1,465,397 | $1,317,863 | $1,121,466 | $1,116,798 |
| **Cost Details** | | | | | | | | |
| Postage | $ 507,907 | $ 485,827 | $ 486,877 | $ 488,006 | $ 489,264 | $ 490,594 | $ 496,901 | $ 498,581 |
| ABSU Charges: | $ 8,809,534 | $ 9,898,405 | $ 9,953,181 | $ 9,831,024 | $ 9,889,904 | $ 10,143,757 | $ 10,443,157 | $ 11,464,382 |
| Bad Debt | $ 2,452,140 | $ 2,524,659 | $ 2,567,593 | $ 2,611,067 | $ 2,655,347 | $ 2,700,130 | $ 2,745,947 | $ 2,792,456 |
| Back Office | $ 952,770 | $ 1,005,479 | $ 1,026,846 | $ 1,049,735 | $ 1,073,364 | $ 1,097,684 | $ 1,122,833 | $ 1,148,756 |
| Deferral accounts | $ 167,136 | $ 167,136 | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total Costs** | **$ 12,889,487** | **$ 14,081,506** | **$ 14,034,496** | **$ 13,979,833** | **$ 14,107,879** | **$ 14,432,165** | **$ 14,808,838** | **$ 15,904,175** |

Witness: S. McGill

# UNDERTAKING JTC1.13

## UNDERTAKING

Tr: 143

To provide a revised version of 2013 Template with line items removed for the one-time costs related to acquisition of the new CIS and CCSA with Accenture.

## RESPONSE

Please see the table that follows based upon Exhibit B, Tab 5, Schedule 2. The costs removed from the template (line #13) were Customer Care Procurement costs associated with the RFP process that selected Accenture as the Company's Customer Care service provider, exclusive of CIS procurement costs. The Company does not believe that the information contained on the attached table is relevant to any illustration of comparative costs between 2012 and 2013.

**Exhibit B/5/2**
**With Procurement & SAP Modification Costs Removed**

| | | A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| # | Category of Cost | 2007A | 2008A | 2009A | 2010A | 2011 | 2012 | 2007-2012 | 2013P | 2014P | 2015P | 2016P | 2017P | 2018P | 2013-2018 |
| | **CIS Related Categories** | | | | | | | Total | | | | | | | Total |
| 1 | Old CIS Licence Fee | | | | | | | | | | | | | | |
| 2 | Old CIS Hosting and Support | $19,350,434 | $19,611,155 | $14,108,849 | $0 | $0 | $0 | $53,070,438 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 2a | Incumbent (CWLP) CIS Services being provided from January to March 2007 | | | | | | | | | | | | | | |
| 3 | New CIS Capital Cost @ Board Approved **36%** Equity | $0 | $0 | $950,000 | ($5,260,000) | $25,890,000 | $24,910,000 | $46,490,000 | $25,420,000 | $24,380,000 | $23,320,000 | $22,320,000 | $21,310,000 | $20,260,000 | $137,010,000 |
| 4 | New CIS Hosting and Support | $0 | $0 | $1,923,502 | $6,334,638 | $6,512,008 | $7,569,610 | $22,339,757 | $7,781,559 | $7,995,552 | $8,237,417 | $8,486,599 | $8,743,318 | $9,007,804 | $50,252,248 |
| 5 | CIS Backoffice (EGD Staffing) | $0 | $60,000 | $776,037 | $2,585,936 | $2,679,030 | $2,767,438 | $8,868,441 | $2,858,763 | $2,947,385 | $3,047,891 | $3,151,824 | $3,259,301 | $3,370,443 | $18,635,607 |
| 6 | SAP Licence Fees | $0 | $0 | $683,519 | $2,047,285 | $2,131,224 | $2,212,210 | $7,074,238 | $2,296,274 | $2,378,940 | $2,471,957 | $2,568,610 | $2,669,043 | $2,773,402 | $15,158,226 |
| 7 | SAP Modifications | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | **Subtotal** | **$19,350,434** | **$19,671,155** | **$18,441,907** | **$5,707,859** | **$37,212,261** | **$37,459,258** | **$137,842,874** | **$38,356,596** | **$37,701,876** | **$37,077,264** | **$36,527,033** | **$35,981,662** | **$35,411,649** | **$221,056,081** |
| | **Customer Care Related Categories** | | | | | | | | | | | | | | |
| 8 | Incumbent (CWLP) Customer Care Services being provided from - January to March 2007 | $21,692,877 | $0 | $0 | $0 | $0 | $0 | $21,692,877 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 9 | Customer Care Transition Service Provider Contract Cost - ABSU April, 2007 to Sept. 30, 2008 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 10 | New Service Provider Contract Cost | $46,525,654 | $64,972,145 | $67,933,444 | $68,741,772 | $ 69,967,590 | $ 71,774,632 | $389,915,237 | $74,670,566 | $77,937,876 | $81,276,823 | $84,469,914 | $87,763,976 | $92,188,004 | $498,307,159 |
| 10a | ACN, MTP & Collection Agency costs | $32,064,293 | $45,244,952 | $47,288,442 | $47,195,632 | $ 46,291,468 | 46,928,238 | $265,013,025 | 48,605,388.47 | 50,478,999.25 | 52,238,204.51 | 53,785,231.25 | 55,378,239.92 | 58,108,383.93 | $318,594,447 |
| 10b | MET | $6,347,295 | $8,702,351 | $8,870,583 | $9,065,778 | $10,105,630 | $10,294,409 | $53,386,046 | $10,491,888 | $10,824,366 | $11,301,277 | $11,802,274 | $12,323,179 | $12,841,088 | $69,584,071 |
| 10c | Postage | $8,114,066 | $11,024,842 | $11,774,419 | $12,480,362 | $13,570,492 | $14,551,985 | $71,516,165 | $15,573,290 | $16,634,511 | $17,737,341 | $18,882,409 | $20,062,557 | $21,238,533 | $110,128,641 |
| 11 | Customer Care Licences | $2,629,584 | $2,478,932 | $1,797,851 | $1,710,495 | $1,310,495 | $1,360,294 | $11,287,651 | $1,411,985 | $1,462,816 | $1,520,013 | $1,579,445 | $1,641,201 | $1,705,372 | $9,320,833 |
| 12 | Customer Care Backoffice (EGD staffing) | $4,124,834 | $3,160,856 | $3,217,331 | $4,085,696 | $4,232,781 | $4,372,463 | $23,193,961 | $4,516,754 | $4,656,774 | $4,815,570 | $4,979,781 | $5,149,591 | $5,325,192 | $29,443,662 |
| 13 | Customer Care Procurement Costs | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 14 | Transition Costs - Consultants and ISP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 15 | Transition Costs - EGD Staffing | | | | | | | | | | | | | | |
| **16** | **Total CIS & Customer Care** | $94,323,383 | $90,283,088 | $91,390,533 | $80,245,822 | $112,723,127 | $114,966,646 | $583,932,600 | $118,955,902 | $121,759,343 | $124,689,670 | $127,556,172 | $130,536,430 | $134,630,218 | $758,127,734 |
| **17** | Number of Customers | 1,836,718 | 1,876,290 | 1,909,827 | 1,941,221 | 1,983,990 | 2,021,109 | 11,569,156 | 2,059,959 | 2,100,317 | 2,142,191 | 2,185,464 | 2,229,173 | 2,269,074 | 12,986,178 |
| | **Total Customer Care Only** | **74,972,949** | **70,611,933** | **72,948,626** | **74,537,963** | **75,510,866** | **77,507,389** | **446,089,726** | **80,599,306** | **84,057,466** | **87,612,405** | **91,029,139** | **94,554,768** | **99,218,569** | **537,071,654** |
| | **Customer Care Only Cost/Customer** | 40.82 | 37.63 | 38.20 | 38.40 | 38.06 | 38.35 | | 39.13 | 40.02 | 40.90 | 41.65 | 42.42 | 43.73 | |
| | **Cust Care only Cost/Customer Annual Change %** | | -8% | 1% | 1% | -1% | 1% | | 2% | 2% | 2% | 2% | 2% | 3% | |

Witness: S. McGill

| | True-Up Process Step | A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18 | The Normalized 2007 Customer Care Revenue Requirement can be determined. This will be calculated by starting with the Total Customer Care Revenue Requirement for 2007 to 2012, which is the amount in box G16 | $583,932,600 | | | | | | | | | | | | | |
| 19 | That Total Customer Care Revenue Requirement will then be placed into an amortization model that calculates, using the IR annual adjustment that is approved for Enbridge Gas Distribution, the Normalized 2007 Customer Care Revenue Requirement which is the number that, when adjusted for IR annual adjustment for each year from 2008 through 2012, will allow the Company to fully recover the Total Customer Care Revenue Requirement for 2007 to 2012<br>[Sample calculation using the following formula as the Amortization Model:<br>Adjusted Customer Care Revenue Requirement for 2008 to 2012 = ACRR<br>IR Annual Adjustment = IRAA<br>Term of IR = TOIR<br>Normalized 2008 Customer Care Revenue Requirement = N2008CCRR<br><br>N2008CCRR = ACRR - (ACRR + (ACRR) (- IRAA ) ] ((1+IRAA)^TOIR - 1 ) | $93,090,195.96 | | | | | | | $120,860,283.14 | | | | | | |
| 20 | The Normalized 2007 Customer Care Revenue Requirement will then be compared to the 2007 placeholder of $90.8 million, and the difference will be the 2007 Customer Care Revenue Requirement Variance. | $2,290,196 | | | | | | | | | | | | | |
| 21 | The Company will credit or debit the 2007 Customer Care Revenue Requirement Variance, as the case may be, to the 2007 Customer Care Variance Account. The balance in that account will be repaid to the ratepayers, or charged to the ratepayers, with interes | | $458,039 | $458,039 | $458,039 | $458,039 | $458,039 | | $0 | $0 | $0 | $0 | $0 | $0 | |
| 22 | **The Normalized 2008 Customer Care Revenue Requirement will be the Normalized 2007 Customer Care Revenue Requirement, plus or minus the IR annual adjustment that is approved for Enbridge Gas Distribution.** | **$93,090,196** | **$94,743,292** | **$96,425,743** | **$98,138,071** | **$99,880,807** | **$101,654,491** | $583,932,600 | **$120,860,283** | **$123,006,520** | **$125,190,870** | **$127,414,009** | **$129,676,627** | **$131,979,425** | 758,127,734.43 |
| 23 | Total Customer Care Revenue By Year (Including repayment of 2007 variance) | $ 90,800,000 | $ 95,201,331 | $ 96,883,782 | $ 98,596,111 | $ 100,338,846 | $ 102,112,530 | $ 583,932,600 | $ 120,860,283 | $ 123,006,520 | $ 125,190,870 | $ 127,414,009 | $ 129,676,627 | $ 131,979,425 | $ 758,127,734 |
| 24 | Normalized Customer Care Revenue Requirement Per Customer without Bad Debt | $ 49.44 | $ 50.74 | $ 50.73 | $ 50.79 | $ 50.57 | $ 50.52 | | $ 58.67 | $ 58.57 | $ 58.44 | $ 58.30 | $ 58.17 | $ 58.16 | |
| 25 | Annual Adjustment assumed in above calcs. | *1.7758%* | | | | | | | *1.77580%* | | | | | | |

Witness: S. McGill

# UNDERTAKING JTC1.14

## UNDERTAKING

Tr: 147

To provide costs removed from Accenture contract and moved to Open Bill and ABCT.

## RESPONSE

The following table sets out a reconciliation of the Accenture costs included in Line 10a of the 2013 Template to the $430 Accenture contract value accepted by the stakeholder steering committee for 2011 through 2017. Accenture related costs for OBA + ABC (Open Bill and Agent, Billing and Collection) are not included in line 10a of the 2013 Template.

Witness: S. McGill

**Segrations of Accenture Costs for OBA & ABC**

| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Subtotal | 2018 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Line 10a | Accenture Related Costs - MM + LV | 46,291,468 | 46,928,238 | 48,605,388 | 50,478,999 | 52,238,205 | 53,785,231 | 55,378,240 | 353,705,769 | 58,108,384 | 411,814,153 |
| | Accenture Related Costs - OBA & ABC | 10,214,788 | 10,624,946 | 10,768,396 | 10,755,773 | 10,932,197 | 11,301,438 | 11,725,214 | 76,322,752 | 12,912,302 | 89,235,054 |
| | | 56,506,256 | 57,553,184 | 59,373,785 | 61,234,772 | 63,170,402 | 65,086,670 | 67,103,454 | **430,028,521** | 71,020,686 | 501,049,207 |

Witness: S. McGill

d) Please see the table below. This forecast represents Enbridge's latest long term estimate of OBA income based upon the existing OBA cost/revenue model as specified in the OBA Settlement Agreement. As noted in part (c) to this response the Company is currently evaluating the program and may bring forward proposed changes to it in future rate applications that could result in changes to the forecast set-out below.

| Open Bill Access - Forecast Revenues and Costs 2011 through 2019 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Forecast 1+11 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| **Revenue** | $18,609,793 | $19,526,375 | $19,713,592 | $19,901,973 | $20,092,633 | $20,284,254 | $20,479,062 | $21,584,024 |
| **Costs** | $12,080,013 | $13,268,315 | $13,232,286 | $13,188,514 | $13,327,282 | $13,662,216 | $14,049,314 | $15,154,959 |
| **Net Contribution** | **$6,529,780** | **$6,258,060** | **$6,481,306** | **$6,713,460** | **$6,765,351** | **$6,622,038** | **$6,429,748** | **$6,429,065** |
| **Ratepayer Benefit** | $5,389,604 | $5,389,604 | $5,389,604 | $5,389,604 | $5,389,604 | $5,389,604 | $5,389,604 | $5,389,604 |
| **EGD Benefit** | $1,140,176 | $868,456 | $1,091,702 | $1,323,856 | $1,375,747 | $1,232,434 | $1,040,144 | $1,039,461 |

Please see response to Undertaking Exhibit JTC1.12 for an update to the table set out above. /u