500 Consumers Road
North York ,ON M2J 1P8
P.O. Box 650
Scarborough, ON
M1K 5E3

Lesley Austin
Regulatory Coordinator, Regualtory Affairs
Tel 416-495-6505
Fax 416-495-6072
Email: Lesley.Austin@enbridge.com

January 26, 2012

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") – Undertaking Responses
2012 Rate Adjustment Application ("Application")
Ontario Energy Board ("Board") File Number EB-2011-0277

During the 2012 Rate Adjustment Hearing, held on January 24th and 25th, 2012, Enbridge agreed to file responses to Undertakings. Please find enclosed, responses to:

Exhibit J1.1 to J1.3,
Exhibit J1.7 to J1.9, and
Exhibit J2.1 to J2.5.

This submission has been filed through the Board's Regulatory Electronic Submission System ("RESS"), and two hard copies are being sent to the Board as directed. Enbridge's filing for this proceeding can be found on the Enbridge website at: www.enbridgegas.com/ratecase.

If you have any questions, please contact the undersigned.

Sincerely,

[Original Signed By]

Lesley Austin
Regulatory Coordinator, Regulatory Affairs

cc: Mr. F. Cass, Aird & Berlis LLP (via email and courier)
All Interested Parties EB-2011-0277 (via email)

UNDERTAKING J1.1

UNDERTAKING

Transcript Volume 1, page 39.

To quantify the costs of the STFT and remove the cost of the peaking service that are currently under contract with reference to FRPO IR NO. 1.

RESPONSE

The attached table[1] provides an illustration of the potential dollar impact of removing 75,000 Gj's of STFT capacity for 90 days and replacing it with 10 days of Peaking Service and 80 days of Dawn Discretionary Supplies.

Columns 1 through 4 provide the volumes and associated costs of the Company's 2012 supply portfolio as filed at Exhibit B, Tab 4, Schedule 2, page 1 which were based upon a 21 day average of the January 2012 to December 2012 period from August 3,2011 to August 31,2011.

Columns 5 and 6 represent the volumetric and dollar impact of changing the 2012 supply portfolio as mentioned above.

Columns 7 through 10 represent the impact of the changes made in columns 5 and 6.

The Company wishes to clarify that for purposes of calculating the commodity costs components in Column 6 the unit rates in Column 3 were used which are annual average prices. No attempt was made to recognize monthly price fluctuations and with respect to Peaking Supplies. The Company would like to reiterate that based upon the RFP's received, the cost of incremental supplies would be a lot higher than the prices shown in Column 3. This was explained by Mr. Small in the Volume 1 Transcript at page 55.

> Just to qualify, though, to come up with the dollar amounts, I simply just took the average prices from column 3. And we alluded to -- earlier that to properly do this analysis, if I was to go out and get additional peaking supplies, based upon the RFPs that we did receive for our peaking service for 2012, the next block of supplies was a lot more costly.

[1] The original table provided during the hearing has been amended for incorrect column numbers as well as to correct the volumes identified in columns 1and 7 in Item 7.2. The changes to the volumes do not have an impact on the dollar amounts in Column 6.

Witness: D. Small

Table 1

Item #		Summary of Gas Cost to Operations Year ended December 31, 2012				Impact of 75,000 Gj's /day of STFT replacement for Peaking Supplies		Deemed Summary of Gas Cost to Operations Year ended December 31, 2012				
		Col. 1 10^3m^3	Col. 2 $(000)	Col. 3 $\$/10^3m^3$ (Col.2 / Col.1)	Col. 4 $/GJ (Col.3 / 37.69)	Col. 5 10^3m^3	Col. 6 $(000)	Col. 7 10^3m^3	Col. 8 $(000)	Col. 9 $\$/10^3m^3$ (Col.2 / Col.1)	Col. 10 $/GJ (Col.3 / 37.69)	/c
	Western Canadian Supplies											
1.1	Alberta Production	-	-	-	-			-	-	-	-	
1.2	Western - @ Empress - TCPL	1,597,128.1	214,603.4	134.368	3.565	(179,092.6)	(24,832.7)	1,418,035.5	189,770.7	133.827	3.551	
1.3	Western - @ Nova - TCPL	943,063.3	133,838.3	141.919	3.765			943,063.3	133,838.3	141.919	3.765	
1.4	Western Buy/Sell - with Fuel	1,854.8	267.4	144.146	3.825			1,854.8	267.4	144.146	3.825	
1.5	Western - @ Alliance	957,382.1	141,515.2	147.815	3.922			957,382.1	141,515.2	147.815	3.922	
1.6	Less TCPL Fuel Requirement	(59,603.3)	-					(59,603.3)	-	-		
1.	Total Western Canadian Supplies	3,439,824.9	490,224.4	142.514	3.781	(179,092.6)	(24,832.7)	3,260,732.3	465,391.7	142.726	3.787	
2.	Peaking Supplies	37,242.5	10,064.5	270.242	7.170	17,909.3	4,839.8	55,151.8	14,904.3	270.242	7.170	
3.	Ontario Production	730.0	160.0	219.169	5.815			730.0	160.0	219.169	5.815	
4.	Chicago Supplies	1,837,120.7	300,419.2	163.527	4.339			1,837,120.7	300,419.2	163.527	4.339	
5.	Delivered Supplies	1,488,789.8	252,144.0	169.362	4.494	161,183.3	27,569.4	1,649,973.1	279,713.4	169.526	4.498	
6.	Total Supply Costs	6,803,707.9	1,053,012.1	154.770	4.106	-	7,576.5	6,803,707.9	1,060,588.6	155.884	4.136	
	Transportation Costs											
7.1	TCPL - FT - Demand		197,326.2				(14,365.9)		182,960.3			
7.2	- FT - Commodity	2,482,442.8	13,451.6	5.419	0.144	(179,092.6)	(970.4)	2,303,350.2	12,481.1	5.419	0.144	/c
7.3	- Parkway to CDA		3,238.4						3,238.4			
7.4	- STS - CDA		5,793.8						5,793.8			
7.5	- STS - EDA		4,687.0						4,687.0			
7.6	- Dawn to CDA		9,471.0						9,471.0			
7.7	- Dawn to EDA		22,582.0						22,582.0			
7.8	- Dawn to Iroquois		7,063.3						7,063.3			
7.9	Other Charges		(2,541.6)						(2,541.6)			
7.10	Nova Transmission		7,039.6						7,039.6			
7.11	Alliance Pipeline		42,485.0						42,485.0			
7.12	Vector Pipeline		25,272.4						25,272.4			
7.	Total Transportation Costs		335,868.7				(15,336.3)		320,532.3			
8.	Total Before PGVA Adjustment	6,803,707.9	1,388,880.7	204.136	5.416	-	(7,759.8)	6,803,707.9	1,381,120.9	202.995	5.386	

UNDERTAKING J1.2

UNDERTAKING

Transcript Volume 1, page 52.

To provide quantity of gas in Gjs transacted for pipeline optimization through exchanges or other pipeline optimization transactions in 2010 versus 2011.

RESPONSE

For purposes of this response the amount of Transportation Optimization revenue has been updated to reflect 2011 actual information as opposed to the forecast that underpins the response to VECC Interrogatory #15, at Exhibit I, Tab 8, Schedule 15.

The attached table provides a breakdown of the Transportation Optimization Revenue for 2010 and 2011 broken down into three periods: January to March, April to October and November to December. It also provides the total number of Gj's underpinning the transactions that occurred in those periods. Transportation Optimization encompasses transactions involving our TransCanada, Alliance, Vector and Union transportation contracts. As the table indicates, the level of transactions and the revenue generated from those transactions will vary year over year dependent upon a number of factors within the marketplace. These variables were described by Mr. Small in the Volume 1 Transcript, for this proceeding, at page 48, line 6.

> …each year is going to be different, and it's going to be dependent upon the demand in that particular year, and not just the demand in our franchise area, but the demand in other areas, as well, for example, northeastern United States, but as well whether or not there are financial opportunities, large or small, perceived by those counterparties.
>
> So each year is going to be different. So it becomes somewhat difficult when you are just trying to compare how much gas was for pipeline optimization, how much exchanges were done in a particular year, and simply trying to compare them one year versus the next.

Mr. Quinn asked at page 89 of the transcript, whether or not during the period of February 20th and February 28th peaking service and pipeline optimization were occurring on the same day and the answer is no.

Witness: D. Small

Table 1

	Transportaion Optimization 2010		Transportaion Optimization 2011	
	Volumes GJ's	Revenue $ (000's)	Volumes GJ's	Revenue $ (000's)
January to March	16,741,428	1,672.7	13,380,365	4,232.0
April to October	42,836,225	4,220.0	42,391,876	10,145.7
November to December	12,091,427	3,707.2	10,595,008	1,940.8
Total	71,669,080	9,599.9	66,367,249	16,318.5

UNDERTAKING J1.3

UNDERTAKING

Transcript Volume 1, page 121

To advise how much Enbridge Inc. has been paid under both the CAM and the RCAM methods for the period 2007 to 2011 to manage the pension plan.

RESPONSE

Enbridge Inc. charges relating to pension administration for the EGD Registered Pension Plan ("RPP") are included neither in CAM nor RCAM. Instead these charges are invoiced and paid directly out of the plan.

Pension administration charges for the years 2007 to 2011 for the EGD RPP plan were as follows (note that all amounts are pre-GST):

2011	$308.2K
2010	$354.6K
2009	$363.1K
2008	$400.5K
2007	$325.7K

Witnesses: S. Kancharla
A. Patel

UNDERTAKING J1.4

UNDERTAKING

Transcript Volume 1, page 127.

To calculate what pension plan assets would be as at the end of 2010 if, starting in 2006, the plan performed at the 50 percent level.

RESPONSE

EGD does not believe that comparing the investment performance of the EGD pension fund against other companies is an appropriate comparison because it does not consider differences in the investment policies across the various plans.

EGD has performed the requested calculation and determined that the projected asset value at December 31, 2010 would have been approximately $788.0 million had the actual returns been at the median level shown in the table under Board Staff Interrogatory #4, at Exhibit I, Tab 1, Schedule 4. EGD estimates that this amount would have declined to about $766.0 million at December 31, 2011, based on the 2011 investment return used to estimate the December 31, 2011 financial position in the Mercer report.

EGD believes that due to the decline in interest rates since August 31, 2011, the final solvency liabilities at December 31, 2011 would be higher than the $789.4 million estimated in the Mercer report.

Consequently, even if the EGD fund returns had been at this level, the plan would still have a solvency deficit at December 31, 2011 and EGD would be required to fund the service cost of $16.6M in 2012.

Witnesses: S. Kancharla
A.Patel
Mercer

UNDERTAKING J1.7

UNDERTAKING

Transcript Volume 1, page 153

To provide the return of the pension fund for 2010.

RESPONSE

The margin for adverse deviations reflected in the December 31, 2009 going-concern valuation of the plan was 1.20%. This margin was selected by Mercer, as the actuary of the EGD pension plan.

The margin for adverse deviations reflected in the January 1, 2011 cost certificate, as well as the estimate for the December 31, 2011 going-concern financial position of the plan was 0.59%. This margin was selected by the plan manager. As a result of changes to actuarial standards, plan sponsors rather than the actuary become responsible for selecting the margin in valuations performed on or after December 31, 2010.

Note that the choice of the margin only affects the going-concern valuation. It has no impact on the solvency and wind-up valuations, and thus it does not impact the calculations that form the basis of the solvency calculation of the cost certificate.

Witnesses: S. Kancharla
A. Patel

UNDERTAKING J1.8

UNDERTAKING

Transcript Volume 1, page 158.

To provide market value of the asset plan.

RESPONSE

The market value of the EGD pension plan as of December 31, 2011, is $716.5M

Witnesses: S. Kancharla
A. Patel

UNDERTAKING J1.9

UNDERTAKING

Transcript Volume 1, page 167.

To provide actual interest costs for 2011 and the estimated interest costs for 2012.

RESPONSE

The interest costs as requested for 2011 and 2012 have been provided within the attached Table. The interest costs are in the same format as the interest costs for prior fiscal years, which were provided within the response to CCC Interrogatory #4, at Exhibit I, Tab 3, Schedule 4, page 2.

Witness: K. Culbert

Table 1
Utility Related Amounts

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15	Col. 16	Col. 17	Col. 18
	2007 Board Approved			**2008 Actual**			**2009 Actual**			**2010 Actual**			**2011 Actuals (unaudited)**			**2012 Forecast**		
Line No.	Principal	Cost Rate	Interest Cost	Principal	Cost Rate	Interest Cost	Principal	Cost Rate	Interest Cost	Principal	Cost Rate	Interest Cost	Principal	Cost Rate	Interest Cost	Principal	Cost Rate	Interest Cost
	($M)	%	($M)	($M)	%	($M)	($M)	%	($M)	($M)	%	($M)	($M)	%	($M)	($M)	%	($M)
1. Long term debt	2,234.4	7.31	163.3	2,311.8	6.98	161.4	2,180.4	6.90	150.4	2,190.7	6.77	148.3	2,319.6	6.02	139.6	2,353.2	5.89	138.6
2. Short term debt	62.9	4.12	2.6	6.9	3.44	0.2	148.0	1.66	2.5	165.4	1.61	2.7	113.0	1.61	1.8	150.8	2.50	3.8
3. Sub-total	2,297.3		165.9	2,318.7		161.6	2,328.4		152.9	2,356.1		151.0	2,432.6		141.5	2,504.0		142.4
4. Fixed financing cost			0.5			0.7			6.5			4.8			2.8			2.3
5. Total			166.4			162.3			159.4			155.8			144.3			144.7

UNDERTAKING J2.1

UNDERTAKING

Transcript Volume 2, page 83.

To file CICA Handbook Section 1000.

RESPONSE

Attached is the Canadian Institute of Chartered Accountants' ("CICA") Standards and Guidance Collection, General Accounting, Section 1000, on financial statement concepts.

Witnesses: K. Culbert
J. Jozsa
B. Yuzwa

Filed: 2012-01-26
EB-2011-0277
Exhibit J2.1
Attachment 1

Visualiser ce document en français

general accounting [sections 1000 — 1800]

GENERAL ACCOUNTING SECTION 1000 financial statement concepts

Additional Resources

PURPOSE AND SCOPE

.01 The purpose of this Section is to describe the concepts underlying the development and use of accounting principles in general purpose financial statements (hereafter referred to as financial statements). Such financial statements are designed to meet the common information needs of external users of financial information about an entity. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100, establishes standards for financial reporting in accordance with generally accepted accounting principles. It describes what constitutes Canadian generally accepted accounting principles and their sources.

.02 The Committee expects this Section to be used by preparers of financial statements and accounting practitioners in exercising their professional judgment as to the application of generally accepted accounting principles and in establishing accounting policies in areas in which accounting principles are developing.

.03 This Section does not establish standards for particular measurement or disclosure issues. Nothing in the Section overrides any specific Recommendation in another Section of the Handbook or any other accounting principle considered to be generally accepted. Any inconsistency between this Section and another Section will be reviewed by the Committee when that other Section is re-examined.

Financial statements

.04 Financial statements of profit oriented enterprises normally include a balance sheet, income statement, statement of retained earnings and cash flow statement. Financial statements of not-for-profit organizations normally include a statement of financial position, a statement of operations, a statement of changes in net assets and a statement of cash flows. Notes to financial statements and supporting schedules to which the financial statements are cross-referenced are an integral part of such statements.

.05 The content of financial statements is usually limited to financial information about transactions and events. Financial statements are based on representations of past, rather than future, transactions and events although they often require estimates to be made in anticipation of future transactions and events and include measurements that may, by their nature, be approximations.

.06 Financial statements form part of the process of financial reporting that includes also, for example, information in annual reports outside the financial statements and in prospectuses and in funding proposals. While many financial statement concepts also apply to such information, this Section deals specifically only with financial statements.

OBJECTIVE OF FINANCIAL STATEMENTS

.07 In the Canadian economic environment, the production of goods and the provision of services are, to a significant extent, carried out by investor-owned business enterprises in the private sector and to a lesser extent by government-owned business enterprises. Debt and equity markets and financial institutions act as exchange mechanisms for investment resources used by these enterprises.

.08 The provision of services and, in some cases, the production of goods, are also carried out by not-for-profit organizations in both the private and public sectors. Not-for-profit organizations are often not subject to the same exchange mechanisms as are profit-oriented enterprises. However, they are often restricted by spending mandates imposed by their members and contributors. Contributors include individuals, corporations, organizations and other donors such as governments and other public sector bodies that grant funds for specified and non-specified purposes.

.09 Ownership of profit-oriented enterprises is often segregated from management, creating a need for external communication of economic information about the entity to investors. For the purposes of this Section, investors include present and potential debt and equity investors and their advisers. Creditors and others who do not have internal access to entity information also need external reports to obtain the information they require. In the case of financial institutions, investors, creditors and others include depositors and policyholders.

.10 Members of and contributors to not-for-profit organizations are also often segregated from management creating a similar need for external communication of economic information about the entity to members and contributors. A not-for-profit organization's creditors and others who do not have internal access to entity information also need external reports to obtain the information they require.

.11 It is not practicable to expect financial statements to satisfy the many and varied information needs of all external users of information about an entity. Consequently, the objective of financial statements for profit-oriented enterprises focuses primarily on information needs of investors and creditors and, for not-for-profit organizations, focuses primarily on information needs of members, contributors and creditors. Financial statements prepared to satisfy these needs are often used by others who need external reporting of information about an entity.

.12 Investors and creditors of profit-oriented enterprises are interested, for the purpose of making resource allocation decisions, in predicting the ability of the entity to earn income and generate cash flows in the future to meet its obligations and to generate a return on investment.

.13 Members, contributors and creditors of not-for-profit organizations are interested, for the purpose of making resource allocation decisions, in the entity's cost of service and how that cost was funded and in predicting the ability of the entity to meet its obligations and achieve its service delivery objectives.

.14 Investors, members and contributors also require information about how the management of an entity has discharged its stewardship responsibility to those that have provided resources to the entity. Information regarding discharge of the stewardship responsibilities is especially important in the not-for-profit sector where resources are often contributed for specific purposes and management is accountable for the appropriate utilization of such resources.

Objective

.15 The objective of financial statements is to communicate information that is useful to investors, members, contributors, creditors and other users ("users") in making their resource allocation decisions and/or assessing management stewardship. Consequently, financial statements provide information about:

(a) an entity's economic resources, obligations and equity / net assets;

(b) changes in an entity's economic resources, obligations and equity / net assets; and

(c) the economic performance of the entity.

BENEFIT VERSUS COST CONSTRAINT

.16 The benefits expected to arise from providing information in financial statements should exceed the cost of doing so. In developing accounting standards, the Board weighs the anticipated costs and benefits of its proposals in general terms to assess whether they are justified on cost / benefit grounds. The benefits and costs of applying accounting standards may differ between entities depending in part on the nature, number and information needs of the users of their financial statements. Therefore, in developing an accounting standard, the Board considers whether the requirements of that standard should apply to all entities or whether different requirements should apply to different types of entities for which the cost / benefit trade-off differs significantly. The cost / benefit trade-off is also a consideration for individual entities in the preparation of financial statements in accordance with applicable standards, for example, in considering disclosure of information beyond that required by the standards. The Board recognizes that the evaluation of the nature and amount of benefits and costs is substantially a judgmental process.

MATERIALITY

.17 Users are interested in information that may affect their decision making. Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances.

QUALITATIVE CHARACTERISTICS

.18 Qualitative characteristics define and describe the attributes of information provided in financial statements that make that information useful to users. The four principal qualitative characteristics are understandability, relevance, reliability and comparability.

Understandability

.19 For the information provided in financial statements to be useful, it must be capable of being understood by users. Users are assumed to have a reasonable understanding of business and economic activities and accounting, together with a willingness to study the information with reasonable diligence.

Relevance

.20 For the information provided in financial statements to be useful, it must be relevant to the decisions made by users. Information is relevant by its nature when it can influence the decisions of users by helping them evaluate the financial impact of past, present or future transactions and events or confirm, or correct, previous evaluations. Relevance is achieved through information that has predictive value or feedback value and by its timeliness.

(a) **Predictive value and feedback value**

Information that helps users to predict an entity's future income and cash flows has predictive value. Although information provided in financial statements will not normally be a prediction in itself, it may be useful in making predictions. The predictive value of the income statement, for example, is enhanced if abnormal items are separately disclosed. Information that confirms or corrects previous predictions has feedback value. Information often has both predictive value and feedback value.

(b) **Timeliness**

For information to be useful for decision making, it must be received by the decision maker before it loses its capacity to influence decisions. The usefulness of information for decision making declines as time elapses.

Reliability

.21 For the information provided in financial statements to be useful, it must be reliable. Information is reliable when it is in agreement with the actual underlying transactions and events, the agreement is capable of independent verification and the information is reasonably free from error and bias. Reliability is achieved through representational faithfulness, verifiability and neutrality. Neutrality is affected by the use of conservatism in making judgments under conditions of uncertainty.

(a) **Representational faithfulness**

Representational faithfulness is achieved when transactions and events affecting the entity are presented in financial statements in a manner that is in agreement with the actual underlying transactions and events. Thus, transactions and events are accounted for and presented in a manner that conveys their substance rather than necessarily their legal or other form.

The substance of transactions and events may not always be consistent with that apparent from their legal or other form. To determine the substance of a transaction or event, it may be necessary to consider a group of related transactions and events as a whole. The determination of the substance of a transaction or event will be a matter of professional judgment in the circumstances.

(b) **Verifiability**

The financial statement representation of a transaction or event is verifiable if knowledgeable and independent observers would concur that it is in agreement with the actual underlying transaction or event with a reasonable degree of precision. Verifiability focuses on the correct application of a basis of measurement rather than its appropriateness.

(c) **Neutrality**

Information is neutral when it is free from bias that would lead users toward making decisions that are influenced by the way the information is measured or presented. Bias in measurement occurs when a measure tends to consistently overstate or understate the items being measured. In the selection of accounting principles, bias may occur when the selection is made with the interests of particular users or with particular economic or political objectives in mind.

Financial statements that do not include everything necessary for faithful representation of transactions and events affecting the entity would be incomplete and, therefore, potentially biased.

(d) **Conservatism**

Use of conservatism in making judgments under conditions of uncertainty affects the neutrality of financial statements in an acceptable manner. When uncertainty exists, estimates of a conservative nature attempt to ensure that assets, revenues and gains are not overstated and, conversely, that liabilities, expenses and losses are not understated. However, conservatism does not encompass the deliberate understatement of assets, revenues and gains or the deliberate overstatement of liabilities, expenses and losses.

Comparability

.22 Comparability is a characteristic of the relationship between two pieces of information rather than of a particular piece of information by itself. It enables users to identify similarities in and differences between the information provided by two sets of financial statements. Comparability is important when comparing the financial statements of two different entities and when comparing the financial statements of the same entity over two periods or at two different points in time.

.23 Comparability in the financial statements of an entity is enhanced when the same accounting policies are used consistently from period to period. Consistency helps prevent misconceptions that might result from the application of different accounting policies in different periods. When a change in accounting policy is deemed to be appropriate, disclosure of the effects of the change may be necessary to maintain comparability.

Qualitative characteristics trade-off

.24 In practice, a trade-off between qualitative characteristics is often necessary, particularly between relevance and reliability. For example, there is often a trade-off between the timeliness of producing financial statements and the reliability of the information reported in the statements. Generally, the aim is to achieve an appropriate balance among the characteristics in order to meet the objective of financial statements. The relative importance of the characteristics in different cases is a matter of professional judgment.

ELEMENTS OF FINANCIAL STATEMENTS

.25 Elements of financial statements are the basic categories of items portrayed therein in order to meet the objective of financial statements. There are two types of elements: those that describe the economic resources, obligations and equity / net assets of an entity at a point in time, and those that describe changes in economic resources, obligations and equity / net assets over a period of time. Notes to financial statements, which are useful for the purpose of clarification or further explanation of the items in financial statements, while an integral part of financial statements, are not considered to be an element.

(paragraph 1000.26 deleted)

.27 In the case of profit-oriented enterprises, comprehensive income is the residual amount after expenses and losses are deducted from revenues and gains. Comprehensive income includes all transactions and events increasing or decreasing the equity of the profit-oriented enterprise except those that result from equity contributions and distributions.

.28 In the case of not-for-profit organizations, the excess or deficiency of revenues and gains over expenses and losses is an important indicator to users of the extent to which a not-for-profit organization has been able to obtain resources to cover the cost of its services.

Assets

.29 Assets are economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits may be obtained.

.30 Assets have three essential characteristics:

(a) they embody a future benefit that involves a capacity, singly or in combination with other assets, in the case of profit-oriented enterprises, to contribute directly or indirectly to future net cash flows, and, in the case of not-for-profit organizations, to provide services;

(b) the entity can control access to the benefit; and

(c) the transaction or event giving rise to the entity's right to, or control of, the benefit has already occurred.

.31 It is not essential for control of access to the benefit to be legally enforceable for a resource to be an asset, provided the entity can control its use by other means.

.31A There is a close association between incurring expenditures and generating assets but the two do not necessarily coincide. Hence, when an entity incurs an expenditure, this may provide evidence that future economic benefits were sought but is not conclusive proof that an item satisfying the definition of an asset has been obtained. Similarly, the absence of a related expenditure does not preclude an item from satisfying the definition of an asset and thus becoming a candidate for recognition in the balance sheet. For example, items that have been donated to the entity may satisfy the definition of an asset.

Liabilities

.32 Liabilities are obligations of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.

.33 Liabilities have three essential characteristics:

(a) they embody a duty or responsibility to others that entails settlement by future transfer or use of assets, provision of services or other yielding of economic benefits, at a specified or determinable date, on occurrence of a specified event, or on demand;

(b) the duty or responsibility obligates the entity leaving it little or no discretion to avoid it; and

(c) the transaction or event obligating the entity has already occurred.

.34 Liabilities do not have to be legally enforceable provided that they otherwise meet the definition of liabilities; they can be based on equitable or constructive obligations. An equitable obligation is a duty based on ethical or moral considerations. A constructive obligation is one that can be inferred from the facts in a particular situation as opposed to a contractually based obligation.

Equity / Net assets

.35 Equity is the ownership interest in the assets of a profit-oriented enterprise after deducting its liabilities. While equity of a profit-oriented enterprise in total is a residual, it includes specific categories of items, for example, types of share capital, contributed surplus and retained earnings.

.36 In the case of a not-for-profit organization, net assets, sometimes referred to as equity or fund balances, is the residual interest in its assets after deducting its liabilities. Net assets may include specific categories of items that may be either restricted or unrestricted as to their use.

Revenues

.37 Revenues are increases in economic resources, either by way of inflows or enhancements of assets or reductions of liabilities, resulting from the ordinary activities of an entity. Revenues of entities normally arise from the sale of goods, the rendering of services or the use by others of entity resources yielding rent, interest, royalties or dividends. In addition, many not-for-profit organizations receive a significant proportion of their revenues from donations, government grants and other contributions.

Expenses

.38 Expenses are decreases in economic resources, either by way of outflows or reductions of assets or incurrences of liabilities, resulting from an entity's ordinary revenue generating or service delivery activities.

Gains

.39 Gains are increases in equity / net assets from peripheral or incidental transactions and events affecting an entity and from all other transactions, events and circumstances affecting the entity except those that result from revenues or equity / net assets contributions.

Losses

.40 Losses are decreases in equity / net assets from peripheral or incidental transactions and events affecting an entity and from all other transactions, events and circumstances affecting the entity except those that result from expenses or distributions of equity / net assets.

RECOGNITION CRITERIA

.41 Recognition is the process of including an item in the financial statements of an entity. Recognition consists of the addition of the amount involved into statement totals together with a narrative description of the item (e.g., "inventory", "sales", or "donations") in a statement. Similar items may be grouped together in the financial statements for the purpose of presentation.

.42 Recognition means inclusion of an item within one or more individual statements and does not mean disclosure in the notes to the financial statements. Notes either provide further details about items recognized in the financial statements, or provide information about items that do not meet the criteria for recognition and thus are not recognized in the financial statements.

.43 The recognition criteria below provide general guidance on when an item is recognized in the financial statements. Whether any particular item is recognized or not will require the application of professional judgment in considering whether the specific circumstances meet the recognition criteria.

.44 The recognition criteria are as follows:

(a) the item has an appropriate basis of measurement and a reasonable estimate can be made of the amount involved; and

(b) for items involving obtaining or giving up future economic benefits, it is probable that such benefits will be obtained or given up.

.45 It is possible that an item will meet the definition of an element but still not be recognized in the financial statements because it is not probable that future economic benefits will be obtained or given up or because a reasonable estimate cannot be made of the amount involved. It may be appropriate to provide information about items that do not meet the recognition criteria in notes to the financial statements. Not recognizing an expenditure as an asset does not imply either that the intention of management in incurring the expenditure was other than to generate future economic benefits for the entity or that management was misguided. The only implication is that the degree of certainty that economic benefits will flow to the entity beyond the current accounting period is insufficient to warrant the recognition of an asset.

.46 Items recognized in financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

.47 Revenues are generally recognized when performance is achieved and reasonable assurance regarding measurement and collectibility of the consideration exists.

.48 Unrestricted contributions to not-for-profit organizations do not normally arise from the sale of goods or the rendering of services and consequently performance achievement is generally not relevant to the recognition of unrestricted contributions; such revenues are generally recognized when received or receivable. Other contributions are recognized based on the nature of the related restriction.

.49 Gains are generally recognized when realized.

.50 Expenses and losses are generally recognized when an expenditure or previously recognized asset does not have future economic benefit. Expenses are related to a period on the basis of transactions or events occurring in that period or by allocation.

.51 Expenses are recognized in the income statement on the basis of a direct association between the costs incurred and the earning of specific items of income. This process, commonly referred to as the matching of costs with revenues, involves the simultaneous or combined recognition of revenues and expenses that result directly and jointly from the same transactions or other events. For example, the various components of expense making up the cost of goods sold are recognized at the same time as the income derived from the sale of the goods. However, the application of the matching concept does not allow the recognition of items in the balance sheet which do not meet the definition of assets or liabilities.

.51A When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized in the income statement on the basis of systematic and rational allocation procedures. This is often necessary in recognizing the expenses associated with the using up of assets such as property, plant, equipment, patents and trademarks. In such cases, the expense is referred to as depreciation or amortization. These allocation procedures are intended to recognize expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

.51B An expense is recognized immediately in the income statement when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset.

(paragraph 1000.52 deleted)

MEASUREMENT

.53 Measurement is the process of determining the amount at which an item is recognized in the financial statements. There are a number of bases on which an amount can be measured. However, financial statements are prepared primarily using the historical cost basis of measurement whereby transactions and events are recognized in financial statements at the amount of cash or cash equivalents paid or received or the fair value ascribed to them when they took place.

.54 Other bases of measurement are also used but only in limited circumstances. They include:

(a) Replacement cost — the amount that would be needed currently to acquire an equivalent asset. This may be used, for example, when inventories are valued at the lower of historical cost and replacement cost.

(b) Realizable value — the amount that would be received by selling an asset. This may be used, for example, to value temporary and portfolio investments. Market value may be used to estimate realizable value when a market for an asset exists.

(c) Present value — the discounted amount of future cash flows expected to be received from an asset or required to settle a liability. This is used, for example, to estimate the cost of pension benefits.

.55 Financial statements are prepared with capital maintenance measured in financial terms and with no adjustment being made for the effect on capital of a change in the general purchasing power of the currency during the period.

.56 The concept of capital maintenance used by profit-oriented enterprises in preparing financial statements affects measurement because income in an economic sense exists only after the capital of an enterprise has been maintained. Thus, income is the increase or decrease in the amount of capital at the end of the period over the amount at the beginning of the period, excluding the effects of capital contributions and distributions.

.57 The concept of service potential [1] maintenance which, for not-for-profit organizations, would generally be more appropriate than the concept of financial capital maintenance, cannot entirely be measured in financial terms.

.58 Financial statements are prepared on the assumption that the entity is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate when the entity is not expected to continue in operation for the foreseeable future.

(paragraphs 1000.59-.61 deleted)

Document ID: 1000V

UNDERTAKING J2.2

UNDERTAKING

Transcript Volume 2, page 96.

To provide budget amount for pipeline integrity group.

RESPONSE

The 2012 O&M budget for Pipeline Integrity is $20,487,840 and the 2012 Capital budget for Pipeline Integrity is $20,091,118.

Witnesses: C. Clark
L. Lawler

UNDERTAKING J2.3

UNDERTAKING

Transcript Volume 2, page 102.

To show costs for 2009, 2010 and 2011 as revenue requirement.

RESPONSE

As indicated in EGD's response to BOMA Interrogatory #5, at Exhibit I, Tab 2, Schedule 5, page 1, in 2008 and 2009 cost tracking specific to cross bore related work was not well established and as a result EGD has not provided a revenue requirement for 2009.

The revenue requirement calculation for 2010 is $2.4 million, based on the actual amounts of $2.3 million of O&M and $1.2 million of capital as were indicated within the same interrogatory response.

The revenue requirement calculation for 2011 is $2.7 million, based on full year actual amounts of $2.6 million of O&M and $1.6 million of capital. These amounts replace those which were provided within the same interrogatory response where it was indicated that the amounts provided then, were year to date amounts.

Witness: K. Culbert

UNDERTAKING J2.4

UNDERTAKING

Transcript Volume 2, page 111.

To provide EGD overearning amounts for 2008, 2009 and 2010, and estimates for 2011 and 2012.

RESPONSE

EGD's overearning amounts for 2008, 2009, 2010, 2011, and the 2012 forecast are provided in Table 1.

TABLE 1
ENBRIDGE GAS DISTRIBUTION INC. OVER/(UNDER) EARNINGS

	Gross Sufficiency/ (Deficiency)	**Net Sufficiency/ (Deficiency)**	**Approved or Forecast ESM Amount**	**Proceeding**
2008 Actual	11.2	7.5	5.6	EB-2009-0055
2009 Actual	38.6	25.8	19.3	EB-2010-0042
2010 Actual	34.7	24.0	17.4	EB-2011-0008
2011 Actual (Note 1)	28.1	20.2	14.1	(to be determined)
2012 Forecast (Note 2)	(25.4)	(18.7)	-	EB-2011-0354

Note 1: Actual results (yet to be audited) for pending 2011 ESM application
Note 2: To be filed bridge year results within EB-2011-0354

Witness: K. Culbert

UNDERTAKING J2.5

UNDERTAKING

Transcript Volume 2, page 121.

To provide safety alert.

RESPONSE

The safety alert issued shortly after the Innisfil near miss is attached.

Witnesses: C. Clark
L. Lawler

ENBRIDGE

SAFETY ALERT

Boring

Construction Manual Section 20.1.3
May 11, 2007

This Safety Alert replaces Section 20.1.3 of the Construction Manual and applies to **all boring** which includes horizontal directional drilling, torpedo boring, auger boring and plowing.

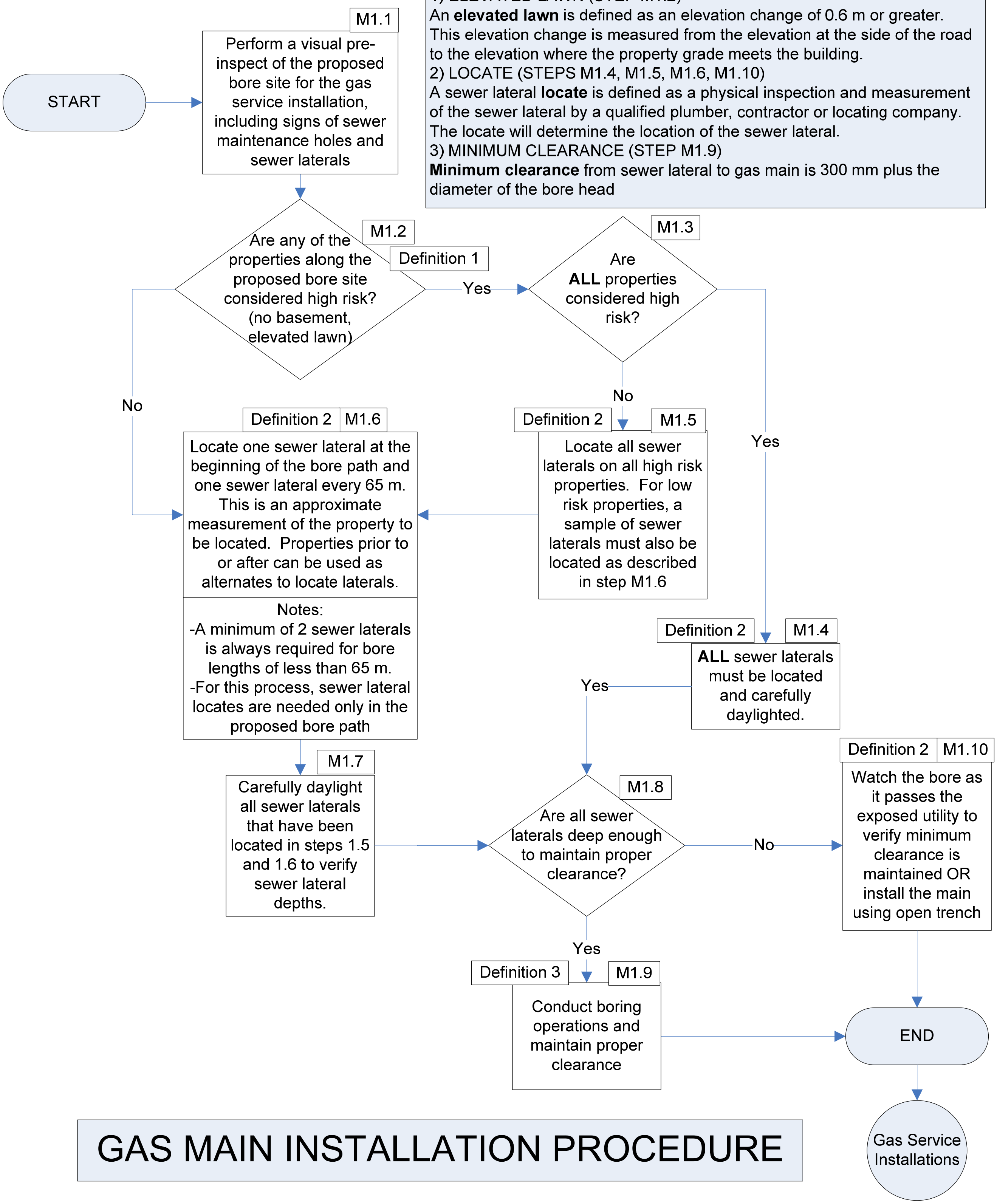
Effective immediately, the following procedures will replace the current procedures found in Section 20.1.3 of the Construction Manual. The two new procedures for Gas Main Installation and Gas Service Installation are in the form of a decision tree.

Please distribute this Safety Alert to all workers that use boring equipment.

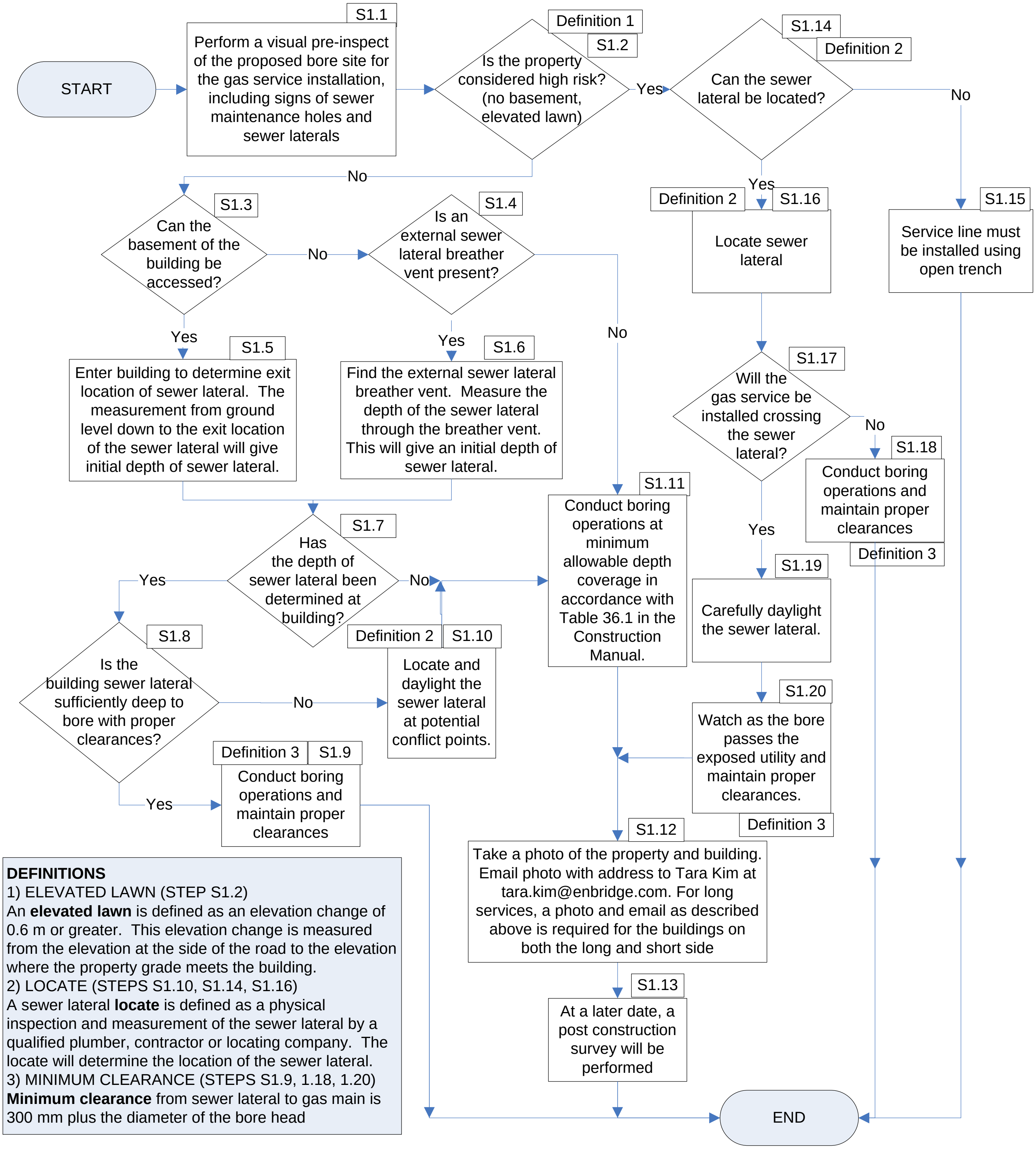
If you require further information, please contact:

Rob Fox	(416) 495-5753
Tara Kim	(416) 495-6396

DEFINITIONS
1) ELEVATED LAWN (STEP M1.2)
An **elevated lawn** is defined as an elevation change of 0.6 m or greater. This elevation change is measured from the elevation at the side of the road to the elevation where the property grade meets the building.
2) LOCATE (STEPS M1.4, M1.5, M1.6, M1.10)
A sewer lateral **locate** is defined as a physical inspection and measurement of the sewer lateral by a qualified plumber, contractor or locating company. The locate will determine the location of the sewer lateral.
3) MINIMUM CLEARANCE (STEP M1.9)
Minimum clearance from sewer lateral to gas main is 300 mm plus the diameter of the bore head



GAS MAIN INSTALLATION PROCEDURE



DEFINITIONS
1) ELEVATED LAWN (STEP S1.2)
An **elevated lawn** is defined as an elevation change of 0.6 m or greater. This elevation change is measured from the elevation at the side of the road to the elevation where the property grade meets the building.
2) LOCATE (STEPS S1.10, S1.14, S1.16)
A sewer lateral **locate** is defined as a physical inspection and measurement of the sewer lateral by a qualified plumber, contractor or locating company. The locate will determine the location of the sewer lateral.
3) MINIMUM CLEARANCE (STEPS S1.9, 1.18, 1.20)
Minimum clearance from sewer lateral to gas main is 300 mm plus the diameter of the bore head

GAS SERVICE INSTALLATION PROCEDURE