UNDERTAKING JT1.28

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TR 1, page 184

On a best-efforts basis, to complete tables associated with question 3 of Exhibit K1.3.

RESPONSE

In the Board's decision EB-2007-0615, dated February 11, 2008, the expectations of the incentive regulation plan were mentioned as follows.

> *…The parties to the Plan agree that the Plan is expected to put downward pressure on Enbridge's rates by encouraging new levels of efficiency and providing the regulatory stability needed for Enbridge's anticipated investment in Ontario assets. The parties also agree that the Plan ensures that the benefits of this efficiency will be shared with customers during the term of the Incentive Regulation Plan.*
>
> *The parties agreeing to the Plan are experienced intervenors in these proceedings who represent the major stakeholders with an interest in Enbridge's rates. These parties have given this Plan careful consideration over many days of negotiation. It is anticipated that the average annual rate increase from the implementation of this Plan will be less than 2% for residential customers.*

The Company can demonstrate that it has achieved these objectives and has also attempted to provide project specific information as requested.

It is important to note that the Company has not tracked productivity benefits on an initiative by initiative basis, as this was not understood by the organization as a requirement of incentive regulation. The process to assess productivity utilized by the Ontario Energy Board has typically utilized macro level econometric modeling. Macro level productivity assessments were completed by the Pacific Economics Group at the outset to the incentive regulation term and also recently towards the end of that term. The Company recognizes the benefit of the macro level approach and thought that it would also be used during the 2013 application process. It is for this reason that the Company engaged PSE and Concentric Energy Advisors to conduct macro level analysis.

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J. Simpson, Concentric

External benchmarking studies from Concentric Energy Advisors and PEG appropriately examined the Company's overall performance during the incentive regulation term and both opine that the Company has been successful in delivering benefits and efficiencies to rate payers. The PSE analysis concurred in these findings.

Overall the Company has been productive over the IR term, which can be demonstrated by the achievement of the following macro-level productivity results:

- The incentive regulation formula includes a built-in, explicit productivity coefficient factor, which Enbridge achieved/exceeded
- Grass roots budgeting in each year of the plan, based on an annual escalation of inflation less productivity ensures that efficiencies are appropriately reflected on an annual basis
- Benchmarking analysis demonstrates the cost effectiveness of utility operations
- Customer rates have increased on average by less than 0.5% per year
- Earnings sharing has occurred in each year of the IR term
- The Company will have added 265,000 new customers from the period 2007-2013 while other O&M (excluding CIS Customer Care, DSM, and increased integrity needs) has remained flat.
- The Company has managed incremental cost increases that have outpaced the rate of inflation (e.g. pension costs).
- Reduced regulatory rate-setting costs
- Despite these cost control efforts and results the Company continues to achieve its DSM targets and maintain and a safe and reliable distribution network.

The benefits of productivity gains have come from a variety of sources. The Company has made an attempt on a "best efforts" basis to provide examples of the initiatives that have contributed to the success of the current incentive regulation plan. These results generally represent costs that are either avoided because the project was undertaken, or alternatively, costs that would have otherwise appeared in this Cost of Service application, but for the implementation of the projects.

On the question of whether EGD sees mandatory projects as contributing to productivity, overall, EGD considers that mandatory projects may contribute to productivity savings. EGD allocates significant resources to mandatory projects, and productivity savings that are produced by mandatory projects are (at least partly) due to the way that EGD manages and implements those projects. In addition, mandatory projects compete with other projects for funding in EGD's capital and expense budget

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setting process. Therefore, in the absence of any specific mandatory project, the Company could re-assign employee resources from managing and implementing that mandatory project and re-allocate capital and expense funding to another project that could produce productivity savings. With respect to mandatory projects, productivity savings, or avoided future costs may be a function of lower operating costs, lower capital costs, or avoided risk events, any or all of which would reduce costs in the absence of conducting the project.

The Company employs both top-down and bottom-up approaches to management of its project investments. The Company approves its capital investments and O&M expenditures at the project level for major projects, and at the department level for smaller or recurring expenditures. In some cases, it is possible to isolate specific costs and quantify benefits from a given project, but this is not always possible due to the varied nature of our operations and expenditures. Some projects are required to maintain system integrity and safety. Such expenditures do not lend themselves to isolated benefits, whereas system expansions or new facility investments do. The Company, therefore, believes that it is more appropriate to assess productivity at the macro level by measuring the sum total of the Company's costs or inputs versus outputs, through carefully conducted benchmarking or productivity studies (TFP).

Please find the following tables presented below:
1. Table 1: Significant Projects (capital and operating expense related)
2. Table 2: Process Improvement Projects
3. Table 3: Revenue Enhancement Projects
4. Table 4: Summary Results.

Note that EGD is not able to validate or audit these results and cautions that they remain estimates only. For these reasons, the Company believes that the most appropriate way to assess the success or failure of incentive regulation as a whole is to conduct a macro level review. This can be accomplished through, for example, external cost benchmarking studies or Total Factor Productivity Studies.

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Table 1: Significant Projects

Project Name	Total Project Cost ('000s)		Annual Benefits ('000s) 2008	2009	2010	2011	2012F	Ongoing[1] 2013+	Yrs. post 2013	Other notes / Comments
TC Module	5,240	O&M Savings					875	1,749	(2013 - 2048)	In addition to avoided operating and maintenance costs associated with the new meters, completion of this project also resulted in the avoidance of $30.8M in non-compliance fines for 2012. This work is required by Measurement Canada. Assume half year effective in 2012 = 875
		Capital Savings								
Capital Management System	1,500	O&M Savings			50	50	50	50	(2013)	The new capital management system provides more efficient financial reporting capabilities and financial controls by operating in a more automated online environment. The new system conserves time, money, and data storage while providing management with the same relevant and accurate financial reporting information.
		Capital Savings		1,340	1,340	1,340	1,340	1,340		
eDacs	700	O&M Savings		350	730	730	730	730	(2013-2019)	Switching from an aging eDacs network to Telus Mike Radios offered the same coverage, but significant cost reductions. Avoided estimated expenditures in excess of $15.5M (replacement costs + annual O&M savings)
		Capital Savings						11,000		
Well Casing Replacements	Approximate annual capital spend of $225-300k/yr.	O&M Savings		75	75	75	75	75	Ongoing for as long a Well Casing Replacements are viable	Ministry of Natural Resources Regulation compliance requirement (corrosion). Rejuvenating wells through replacement of corroded casing sections avoids the cost of drilling of replacement wells, at a cost of approximately $1.2 M each. It is estimated that through this activity it is reasonable that the cost to drill at least one new well per year has been avoided.
		Capital Savings		1,200	1,200	1,200	1,200	1,200		

[1] This column represents the annual savings for 2013 and years beyond 2013. The next column ("Yrs. Post 2013") represents the estimated duration of benefits for 2013 and years beyond 2013.

Project Name	Total Project Cost ('000s)		Annual Benefits ('000s)							Other notes / Comments
			2008	2009	2010	2011	2012F	Ongoing[1] 2013+	Yrs. post 2013	
Well Acidization	Approximately $300k every 3 years	O&M Savings				5	4	4	(2013 - 2019)	Acidization revitalizes gas flow capability of wells that have been damaged by deposit of solids and precipitates during injection/withdrawal and results in the avoidance of drilling replacement wells.
		Capital Savings			1,200			1,200		
IT Helpdesk	Not Applicable	O&M Savings			130	195	210	220	(2013 - 2015)	After 7 years with IBM, the EGD IT Help Desk was moved in-house in December of 2009. Help Desk operations are now managed by EGD and staffed with EGD Contractors. As a result, estimated annual savings for the years 2013 through 2015 are $220,000 per year.
		Capital Savings								
IT Contract Renegotiations (Servers Procurement)	Service Contract	O&M Savings							(2013)	IT completed a RFQ process in 2010 to review the pricing of the X86 servers between competing vendors. This allowed the Company to renegotiate with the vendor of its X86 server generating annual savings of $115,000.
		Capital Savings				115	115	115		
IT Contract Renegotiations (Wireless)	Service Contract	O&M Savings				609	213	213	(2013)	IT renegotiated EGD's telephone services with Bell and Rogers and achieved total savings of $1M (over a 3 year period).
		Capital Savings								
Technical Training Facility	Est. 26,500	O&M Savings					200	400	(2013-2030)	Benefits arise due to efficiencies from consolidating training centers, regional operations & warehouse, and the engineering material evaluation center. Benefits take the form of reduced O&M costs and reduced risk exposure. For details please refer to Exhibit I, Tab B1, Schedule 5.3.
		Capital Savings								

Project Name	Total Project Cost ('000s)		Annual Benefits ('000s)							Other notes / Comments
			2008	2009	2010	2011	2012F	Ongoing[1] 2013[+]	Yrs. post 2013	
RMSI Contract	Service Contract	O&M Savings	500	500	500	500	500	500		In 2009 the Company entered into a contract for the off-shore provision of drafting and records processing. Through the contracting of these services the Company was able to ensure that high quality service levels were maintained with savings of approximately $500,000 per year.
		Capital Savings								
RAVE Data Warehouse	1,350	O&M Savings	274	370	355	427	512	512	(2013 - 2014)	The RAVE Data Warehouse application has several benefits such as the ability to enhance the month-end process to quantify billing adjustments, and prepare the Weather Variance Account calculation under Incentive Regulation for conducting normalization on individual customer accounts. The application saves costs by avoiding having to fix or redo critical reports and saves time managing the generation of the reports.
		Capital Savings								
TelePresence System Facilities	355	O&M Savings		253	460	490	490	490	(2013-2019)	The TelePresence system facilitates live face-to-face communication over the network. It allows for meaningful collaboration without the need to leave the office thereby reducing travel time and expenses, and helps employees meet, share content and consult with experts through a personalized service. The use of TelePresence for meetings, training etc resulted in avoided travel costs of approximately $1.2M (2009- $253K, 2010-$460K, 2011-$490K) which has been reflected in the 2013 Budget.
		Capital Savings								

Project Name	Total Project Cost ('000s)		Annual Benefits ('000s) 2008	2009	2010	2011	2012F	Ongoing[1] 2013[+]	Yrs. post 2013	Other notes / Comments
Integrated Productivity Suite Project	4,640	O&M Savings			3,459	3,459	3,459	3,459	(2013)	Provides employees with improved ability to securely find and share information. This involved a change from Lotus Notes and acquisition / implementation of the Microsoft suite of products (Exchange, SharePoint, OCS, Office/Vista), and results in avoided O&M costs of Notes mail annual maintenance of $159K/year, the avoided capital cost associated with a Notes upgrade of $500k in 2010, plus estimated employee productivity improvements of $3.3 M per year.
		Capital Savings			500					
Extended Alliance Agreement	Service Contract	O&M Savings								Contains built in productivity factor for contracted construction work.
		Capital Savings								
Customer Care	Service Contract	O&M Savings								Outsourced to Accenture; Please refer to EB 2011-0226 Exhibit N1, Tab 1, Schedule 1, Paragraphs 15 and 16
		Capital Savings								
TOTAL ('000s)		**O&M Savings**	**774**	**1,548**	**5,759**	**6,540**	**7,318**	**8,402**		
		Capital Savings		**2,540**	**4,240**	**2,655**	**2,655**	**14,855**		

Table 2: Process Improvement Projects

Team	Title	BEFORE (Issue Details)	AFTER (Solution Details)	BENEFITS	Years
Customer Connections	Proactive Communication of Delays to Customer	- A reactive approach to customer commitments as we only investigate the status of the work orders after the commitment date has past - Various emails/phone calls are sent to update the status of the order and sometimes no resolution to the customer's inquiry - Poor customer service	- A proactive approach is now being implemented by monitoring our service and meter installs prior to commitment date to assess any delays - Customer is being contacted prior to commitment date to communicate if and why there will be a delay in delivering their request for service	- Financial: $4,320 per year in avoided effort - Customer Satisfaction: 45 proactive calls made in the first month and customers have positive feedback - Employee Satisfaction: Fewer escalation calls being made to our staff by unsatisfied customers	Operational as of June 2011
Distribution Asset Renewal	Processing Pipe Abandonment in System	- Assets disconnected in field but status in system not updated to "abandoned" - Consequently, additional work for Locators, Network Analysis, Dispatch and field staff; plus tax impact	- Defined accountability & responsibility for records update upon completion of field work To eliminate backlog: - Hire 3x temporary staff for work backlog of 4000 SMABN's. To fix issue moving forward: - - Hire FTE and assign responsibility for completion of SMABN's	- Financial: $130,000 O&M savings related to avoided tax and avoided leak survey efforts - Governance: Records accurately reflect field status - Employee Satisfaction: decreased frustration due to suspect/unknown asset status, leak survey of abandoned assets	Operational as of April 2011

Team	Title	BEFORE (Issue Details)	AFTER (Solution Details)	BENEFITS	Years
Distribution Asset Renewal	Increase Volume of Reconnect (Vs. Relays)	There is no defined process for reconnecting a residential service (instead of relaying the service). Therefore: - Long cycle time for Engineering to approve field requests - Reconnected services are not attached to the correct main (inaccurate record)	Engineering to define process and create template to expedite approval process. Affected workers will be trained to properly complete a work request such that the service moves to the correct main leg automatically.	- Financial: $18,000 savings per year in reduced relays - Customer Satisfaction: minimized disturbance to customer property - Governance: records accuracy	Operational as of 2011
Meter Asset Management	Validation Table (Inaccurate Data Entry Causing 891 Errors)	Users enter inaccurate data, which in turn generates 891 errors and high likelihood of back-dated bills.	Implement validation at Lakeside to discourage submission of inaccurate data.	- Financial: $33,000 in cost avoidance per year in reduced effort to correct back-dated bills - Customer Satisfaction: Timely billing following meter exchange - Employee Satisfaction: Timely invoicing of contractor work	Operational as of May 2011
Meter Asset Management	Reuse of Meter Locks	Meter contractor frequently ran out of padlocks delaying the red-locking of repeat offenders. Service contractor was collecting padlocks after completing the un-lock, but only stockpiling the padlocks afterwards.	Process set up for service contractor to return the padlocks to the Markland warehouse, and then MET can pick up the locks. EGD purchases the locks, so by reusing locks we avoid purchase of new locks.	- Financial: Avoidance of $10,000 in new lock costs - Employee Satisfaction: reduction of unnecessary waste	Operational as of 2011

Table 3: Revenue Enhancement Projects

Project Name		Annual Revenues ('000s)						
		2008	2009	2010	2011	2012F	Ongoing 2013+	yrs post 2013
HPNC1 - OPA	Net Revenue	1,225	1,274	1,503	728	1,038		
HPNC2 - LDC's	Net Revenue					243	414	(2013-2015)
TOTAL ('000s)		1,225	1,274	1,503	728	1,281	414	

Table 4: Summary Results

Category ($ Millions)	2008	2009	2010	2011	2012	2013 +
O&M	774	1,548	5,759	6,540	7,318	8,402
Capital	0	2,540	4,240	2,655	2,655	14,855
Revenues	1,225	1,274	1,503	728	1,281	414
Annual Total	**1,999**	**5,362**	**11,502**	**9,923**	**11,254**	**23,671**
Cumulative Total	**1,999**	**7,361**	**18,863**	**28,786**	**40,040**	**63,711**