Compendium

APPrO Cross-Examination Materials

Witness Panels 3-10

Enbridge 2014-2018 Customized IR Application

EB-2012-0459

INDEX

GROWTH FORECAST

1. In planning for the Ottawa area system reinforcement, Enbridge Gas Distribution Inc. ("Enbridge") looked at the ten-year[1] market forecast growth in the area. The geographical areas for projected growth can be found in Exhibit A, Tab 3, Schedule 4. The forecasted growth for residential, commercial and industrial customers was used to develop forecasted peak loads. The approach is described below.

Residential Growth

2. The growth forecast was created through the review of municipal official plans and in conjunction with the City of Ottawa ("Ottawa") planning department. Ottawa provided the incremental growth forecasts found in Table 1. Additional potential is included for an Ontario Municipal Board ("OMB") decision to add 1013 hectares to the Urban Boundary.

Table 1 – City of Ottawa, Residential Unit Projection 2012[2]

Description	Single	Semi	Towns	Apartment	Total
Units identified by City of Ottawa Growth Projections (2014 – 2023)	19477	2889	19376	21531	63273
Unit Potential on OMB Urban Boundary expansion – 1013 hectares[3]	6618	1102	6833	3660	18213
Total	26095	3991	26209	25191	81486

[1] Further consideration was given to a 10 to 20 year load forecast for the Ottawa area to ensure the proposed facilities are sized appropriately to meet longer term needs.
[2] http://ottawa.ca/en/city_hall/statisticsdata/statistics/new_growth/projections/
[3] OMB decisions – potential unit counts based on average of available land approved uses in secondary plans for Leitrim, Riverside South, Fernbank Communities

3. Discussions with developers and planning consultants were also conducted to determine development plans and growth expectations. This was cross-checked to ensure consistency with the Places to Grow Act[4] which defines municipal boundaries for urban development in Ottawa.

4. The residential growth forecast was developed based on the inputs above and can be found in Table 2. In addition, new growth is supplemented by conversion from other heating sources to natural gas (referred to as replacement in Table 2).

Table 2 – Residential Customer Incremental Additions* - (# of Customers)

Inputs	2014 Project Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5	2019 Year 6	2020 Year 7	2021 Year 8	2022 Year 9	2023 Year 10	Total
Customer Additions											
Residential/Sub											
subdivision	5860	6232	7244	5468	5678	5972	5641	5753	5868	5985	59701
Replacement	1534	1500	1446	1393	1343	1294	1320	1346	1373	1400	13949
Total Residential	7394	7732	8690	6861	7021	7266	6961	7099	7241	7385	73650

**Year over Year Incremental*

Commercial / Industrial Growth

5. The commercial / industrial volume growth forecast can be found in Table 3. The commercial / industrial forecast is based on discussions with current and potential customers. The number of developments are calculated based on zoning information and the number of potential customers in similar developments.

Table 3 – Commercial/Industrial/Apartment Customer Incremental* Increases

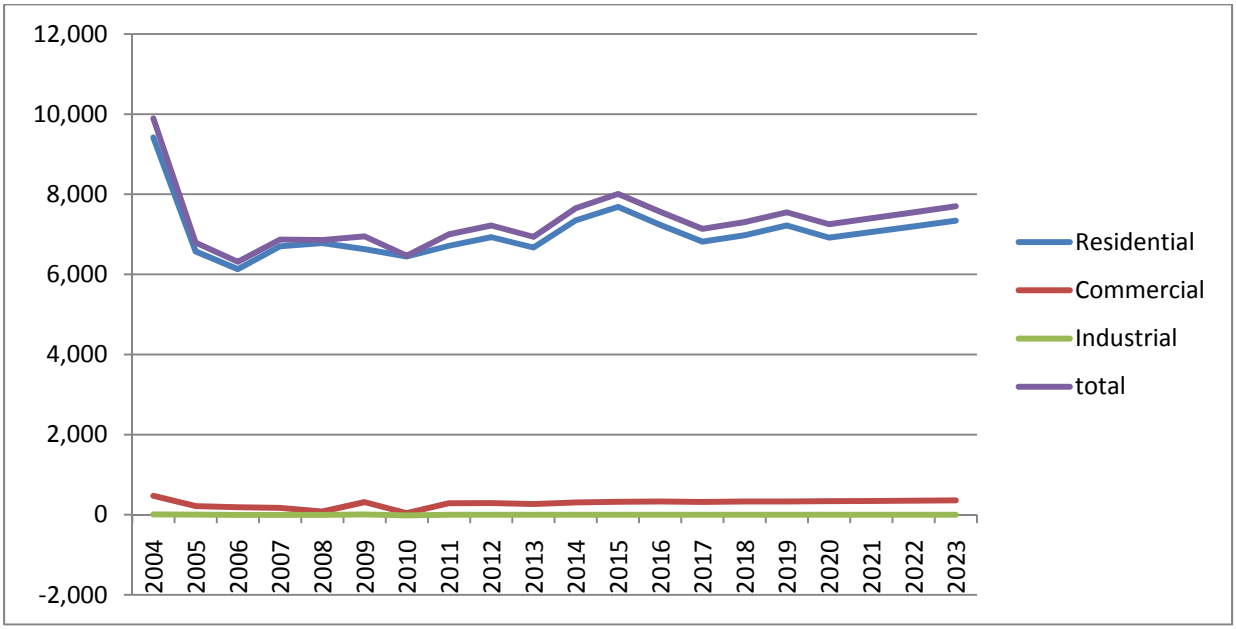
Inputs	2014 Project Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5	2019 Year 6	2020 Year 7	2021 Year 8	2022 Year 9	2023 Year 10	Total
Commercial/Ind/Apt											
New Construction Comm	155	156	162	157	159	160	159	163	163	163	1,597
New Construction Appt	74	72	73	82	84	90	81	85	85	85	811
New Construction Ind	0	0	0	0	0	0	0	0	0	0	0
Replacement Comm	159	159	163	163	162	163	158	157	157	157	1,598
Replacement Ind	0	0	0	0	0	0	0	0	0	0	0
Replacement Appt	18	19	20	19	19	19	19	21	20	20	194
Total Commercial	406	406	418	421	424	432	417	426	425	425	4200

**Year over Year Incremental*

[4] https://www.placestogrow.ca/index.php

6. New customer forecast is compared with historical growth in the area as illustrated in Table 4.

Table 4 Customer Growth – Historical and Forecast



Load Growth

7. The forecast peak hour customer load for the Ottawa area is analyzed based on consumption groupings (i.e. Residential, Commercial and Industrial) within each municipality identified within the study area (i.e. customers that will be supplied from either Richmond Gate or Ottawa Gate).

8. The Residential peak hourly consumption has been created using the most recent 5 year span of customer consumption data and calculated within the identified area based on a 47 Degree Day condition. This average peak load was then applied for growth forecasted in the same specific geographical area.

9. The Commercial peak hourly consumption has been created using the most recent 5 year span of customer consumption data. Anticipated load for commercial development in the geographical area is estimated based on historical customer consumption patterns for similar developments with adjustments for size.

10. The Industrial peak hourly consumption has been created using the most recent 5 year span of customer consumption data. The loads of the individual developments is determined via a similar methodology as commercial customers. The peak is further refined using information from various recently developed industrial sites within the Enbridge Ottawa area, exclusive of large volume customers such as power production or pulp and paper.

Table 2: Capital Requirement Summary ($000)				
	Budget	Forecast		
DESCRIPTION	2013	2014	2015	2016
Alliston Reinforcement	-	-	1,040[1]	2,111
Harmony Conlin Reinforcement	-	-	-	3,714
York Region Reinforcement Phase 1	-	510	10,404	-
Identified Projects Less than $2M	6,995	8,078	2,653	-
Other Localized Small Reinforcements	4,405	2,805	2,861	2,918
Reinforcement Direct Resource Cost		4,662	4,882	3,240
Total	11,400	16,055	21,840	11,984

Note: 1. Contingent on customer timing.

MARKET GROWTH

1. The customer additions forecast for the area supplied by the GTA Project (herein referred to as the "GTA Project Influence Area", or "Influence Area") indicates that capacity demands will continue to increase over the period from 2015 to 2025 due to an increased number of customers.

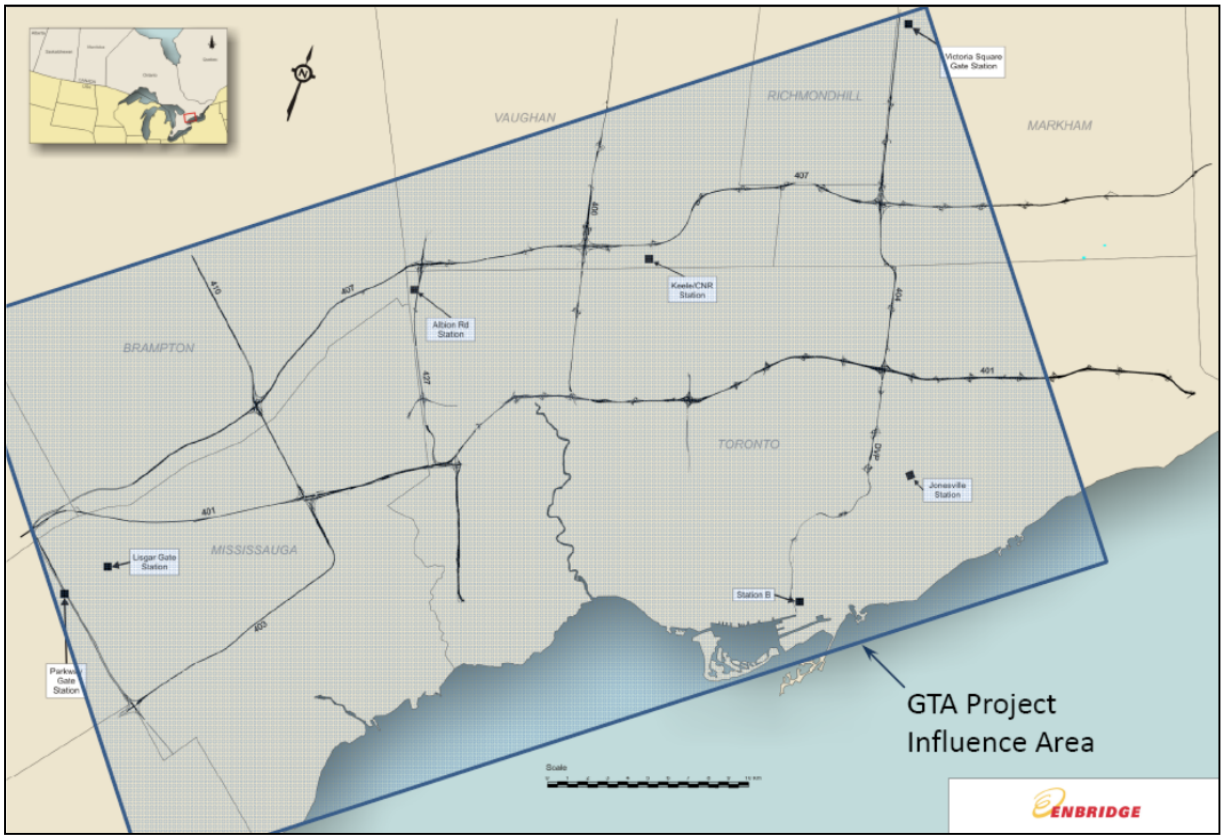
2. The customer additions forecast was developed using information sources and factors as follows:
    - Information from direct contacts with builders, developers, and municipalities regarding on-the-ground realities, such as the ongoing development projects;
    - Housing starts forecasts, as available from reliable third-party data sources;
    - Development projections, sourced from external consultants; and,
    - Economic factors, such as Gross Domestic Product ("GDP") growth, employment, and mortgage rates.

3. The forecast provides customer growth within the Influence Area for four customer sectors including residential, apartment, commercial, and industrial and covers the period from 2015 to 2025. The forecast is summarized below.

Influence Area

4. A review of the distribution system was completed to determine the areas of the Enbridge distribution network where growth had a direct impact on the pressures at the current point of minimum system pressure, located at Station B. The municipalities identified within this area include Scarborough, North York, Toronto, Etobicoke, Brampton, Mississauga, Markham, Richmond Hill, and Vaughan. The GTA Project Influence Area is represented by the shaded portion in Figure 1 below.

Figure 1: Map of the GTA Project Influence Area



5. For the purposes of network analysis, the GTA Project Influence Area was sub-divided into 152 smaller geographic areas upon which the customer growth was added to the network models. This allows more specific point loads to be added to the distribution system to better reflect where gas is consumed. This ultimately allows Enbridge to forecast the anticipated pressures at various points in the network and to optimize reinforcement options and ensure reliable delivery.

Customer Additions Forecast

6. The customer additions forecast is summarized in Table 1. During the period from 2015 to 2025, 172,263 total customers are projected to be added to the system

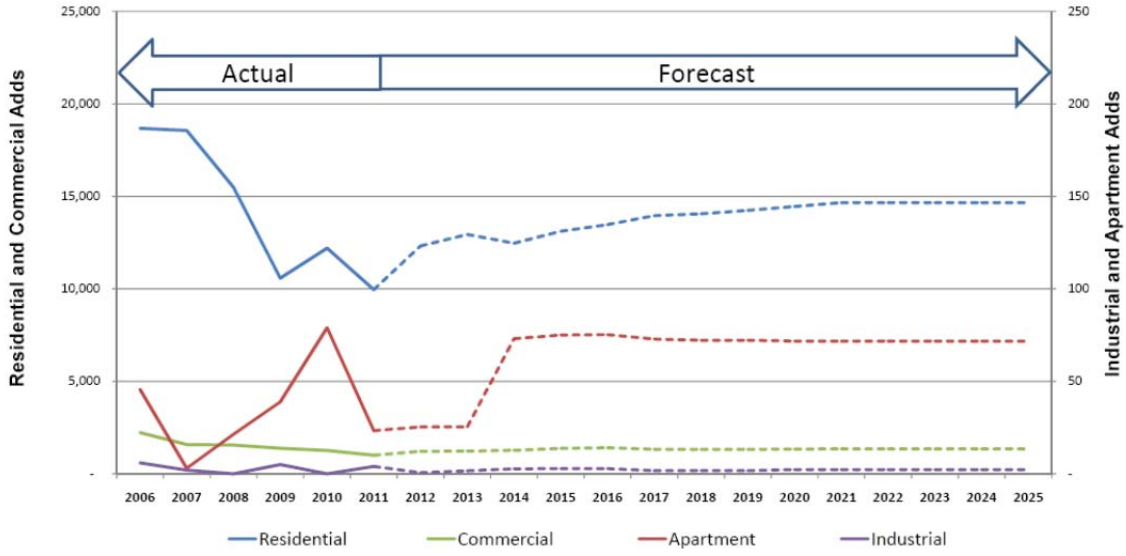
supplied in the GTA Project Influence Area. The forecast is shown in conjunction with six years of historical customer additions (2006-2011) in Figure 2. Figure 2 also includes the forecast for 2012 to 2014; however, these three years are not included in the economics of this application.

Table 1: Incremental Customer Additions by Sector in the GTA Project Influence Area (2015 – 2025)

Year	Residential	Commercial	Apartment	Industrial	Total
2015	13,112	1,370	75	3	14,560
2016	13,471	1,412	75	3	14,961
2017	13,955	1,328	73	2	15,358
2018	14,062	1,331	72	2	15,467
2019	14,245	1,328	72	2	15,647
2020	14,448	1,339	71	2	15,860
2021	14,662	1,347	71	2	16,082
2022	14,662	1,347	71	2	16,082
2023	14,662	1,347	71	2	16,082
2024	14,662	1,347	71	2	16,082
2025	14,662	1,347	71	2	16,082
2015-2025	**156,603**	**14,843**	**793**	**24**	**172,263**

Figure 2[1]: Historical and forecast customer growth for the GTA Project Influence Area

(by sector)



7. The residential sector constitutes the vast majority of total customer additions and follows the trends in housing starts. Housing starts are driven by various factors including GDP growth, employment, immigration, and mortgage rate expectations. Consensus forecasts for Ontario were used to project the underlying economic trends. The global recession in 2008 and 2009 caused a sharp drop in residential customer additions followed by a gradual recovery. Housing starts are expected to remain buoyed by the steady pace of employment and economic growth in Ontario. However, housing formation is expected to moderate as demographics shift. While the GTA will continue to experience strong population growth, mostly from immigration, labour-force growth will be slower as a significant portion of the working age population will retire. As a result, the demand for new housing will flatten out in

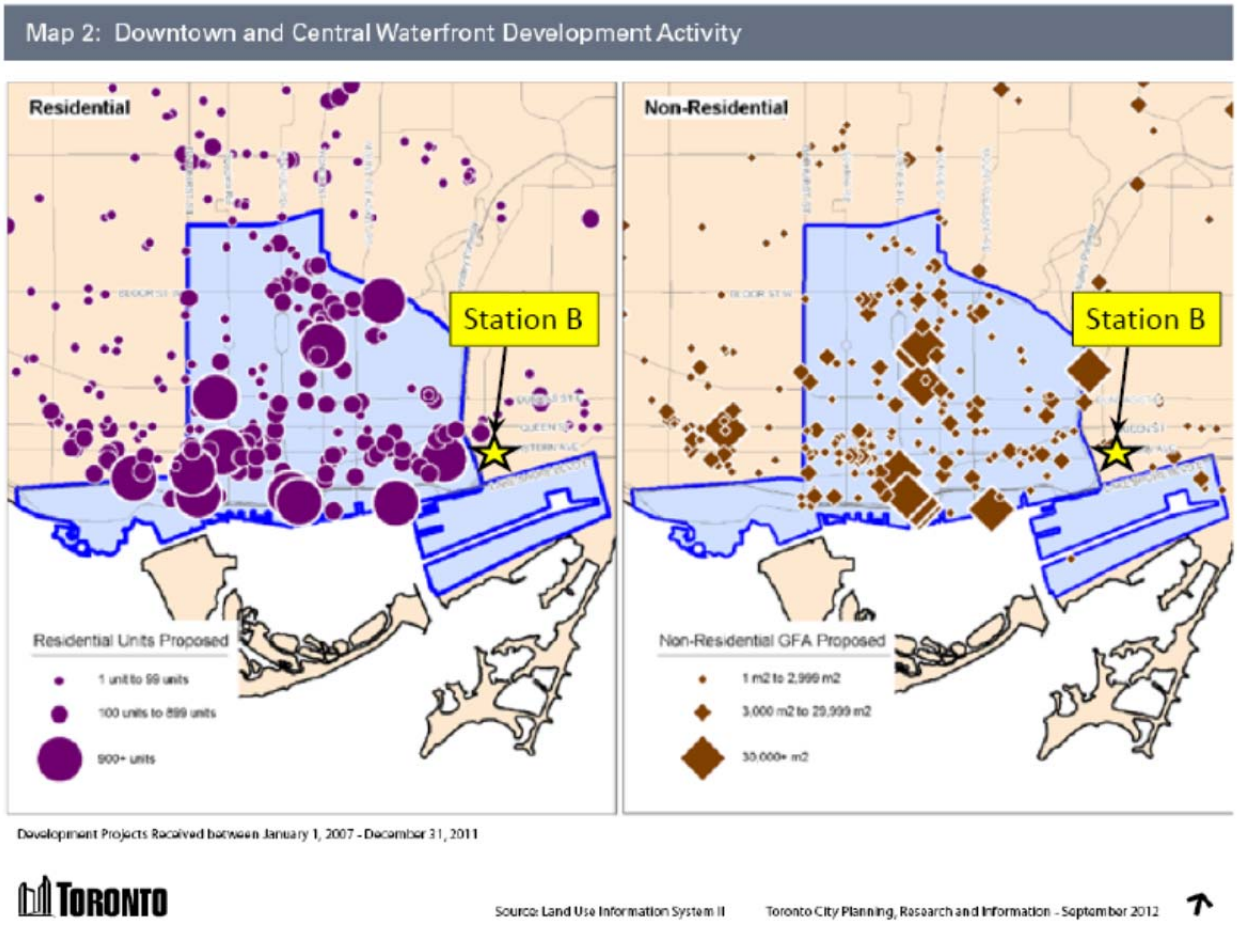
[1] The residential and commercial attachments are on the left axis and the industrial and apartment attachments are scaled on the right axis.

the longer term. Relatively positive economic trends in the forecast period will continue to attract investments in the commercial and industrial sectors in the long term although at a slower pace.

8. A recent bulletin, issued by the City of Toronto in October 2012, summarizes information from the City Planning Division on residential and non-residential growth. The bulletin notes that the downtown and waterfront areas are forecast to experience the strongest residential and non-residential growth at 45% and 31%, respectively[2], of the total growth in the city. Figure 3 represents this growth in the downtown and waterfront areas in Toronto. Residential growth (residential, apartment) is represented on the left and non-residential growth (mainly commercial) is represented on the right. This figure is intended to demonstrate the growth in the area, which is in close proximity and directly fed from Station B, the location of minimum system pressures.

[2] This is based on development proposals received by the City of Toronto between January 1, 2007 and December 31, 2011, but not yet built. Information was retrieved from "Profile Toronto", October 2012 Issue.

Figure 3[3]: Development projects received by the City of Toronto (2007 to 2011, yet to be built)



Load Growth

9. Pipelines and facilities are sized based on the forecasted total peak hourly consumption, which is calculated from the customer additions forecast and the peak hourly consumption estimate. For each municipality identified in the Influence Area, the peak hourly consumption estimate was calculated for each customer type based

[3] "Profile Toronto", October 2012 Issue. The location of Station B is overlaid on the figure.

on the five years of historical peak hour consumption. The data was regressed with temperature information to determine peak hourly gas consumption at a 41 DD. A reduction factor was then applied to account for efficiency gains through Demand Side Management ("DSM") and customer losses through building demolition. Large volume customers, such as power plants, are evaluated on an individual basis to determine replacement capacity requirements and therefore excluded from the customer additions forecast. The calculated peak hourly consumption value for each customer sector for each municipality was applied to customer additions forecast.

10. The total forecast peak day demand, shown in Table 3, is the incremental load growth plus the load required by the existing customer base. Gas demand and supply is further described in Exhibit A, Tab 3, Schedule 5.

Table 3: Total forecast peak day demand for the Project Area (2015 to 2025)

Year	Peak Day Demand	
	10^3 m^3/hour	TJ/day
2015	3093	2443
2016	3117	2462
2017	3141	2480
2018	3165	2499
2019	3189	2518
2020	3213	2536
2021	3237	2555
2022	3261	2574
2023	3285	2593
2024	3309	2612
2025	3333	2631

Table 2: Station Replacements and Upgrades Capital Requirement ($000)				
Description	Budget	Forecast Period		
	2013	2014	2015	2016
Gate Stations	6,642	12,160	10,440	7,060
District Stations	3,201	7,977	11,625	12,560
Commercial and Industrial Low Pressure Regulator Stations	2,000	1,530	2,341	2,388
Paper Chart Recorders Replacement Program	1,673	1,758	1,794	1,830
Station Replacement and Upgrade Projects Under $ 2 million	2,251	565	602	680
Total	15,767	23,990	26,442	24,517

Witnesses: S. Surdu
N. Thalassinos

2. Hosting and Outsourcing of Support for EAM solutions

Another EAM trend in the Utility industry that did not take off as predicted was the outsourcing or hosting of EAM solutions. In a hosted model, a 3rd party company owns the hardware and software and then provides the system as a "service" back to utility companies. While this approach is still used today, it is more common for utility companies to own and manage their own EAM solution in-house. In some cases, systems that were outsourced previously are being "re-insourced" to lower costs, increase flexibility, increase influence over software product direction, and provide a better service to business users. Duke Energy is an example of a company who recently ended an EAM application hosting arrangement and now provides that service in-house for reasons similar to those stated above.

Application support contracts involving 3rd party companies are still the most common way to provide application support, maintenance, and enhancements to EAM systems. Using this model, a 3rd party company such as a systems integrator or specialty IT company provides a small dedicated team for support and enhancement work. This is particularly common within the first few years of deploying a new solution when the support activity and enhancement requests are the highest.

3. WAMS Program Budget and Schedule

After reviewing the Enbridge WAMS Program budget, Sync Energy believes the estimated cost of the program is reasonable based on Sync Energy's knowledge of similar recent projects in the utility industry. There are many factors that drive the cost of implementing WAMS solutions for utilities including:

- Number of business processes and business organizations impacted
- Number of interfaces to other corporate systems
- Amount and quality of data to be migrated to the new solution
- Number of end-users to prepare and train for the new solution
- Size of service territory
- The number of other projects running concurrently
- The experience of the selected Systems Integration partner
- The number of systems to be replaced or decommissioned
- The EAM software product(s) selected

For Enbridge, a budget of approximately $67.6M to cover business labor, IT labor, Systems Integrator labor, travel expenses, hardware, software, and warranty work is very much in line with what other companies have spent on similar projects. While no two projects are exactly alike, a range of costs from $50M to $75M for this scope of work should be considered reasonable based on Sync Energy's experience with other projects.

The typical schedule for a project of this size and complexity ranges from 14 to 30 months once a software product has been selected and detailed process design work begins. The Enbridge plan to deploy a solution within 24 months is neither slow nor "aggressive" and should provide sufficient time for designing, testing, training and deployment. Sync Energy recommends that Enbridge look for ways to avoid a "big bang" deployment and consider options for rolling out the new solution in smaller "chunks" by work type, geography, etc. where practical to reduce deployment risk. Deployment options and alternatives are typically determined after software products and systems integrators are selected.

33. The GTA Reinforcement project is intended to maintain system safety and reliability through enabling pressure reduction on several key pipelines in the Greater Toronto Area. The project is also intended to support diversification of supply. The GTA Reinforcement Leave To Construct application is currently being heard by the OEB.

34. The forecast costs of these Major Reinforcement projects are set out separately within Tables 1 and 2.

Work and Asset Management System (WAMS)

35. The proposed Work and Asset Management System (WAMS) is a requirement for the future operations of the Company servicing our customers. The WAMS project is fully described in Exhibit B2-6-2. The need for this project stems from technology drivers and the need to support primary work and asset management functions.

36. The primary driver is the coming end of the Accenture Services Agreement which was part of the EnVision Project that the Board approved in its 2004 decision of RP-2003-0203. The Company has decided that a more cost effective solution to the services approach that currently provides Work and Asset Management services would be to implement an in-house IT system. Timing is also driven by technology obsolescence of the decade old solution. It is also recognized in the industry that the area of asset management information systems has evolved substantively since 2004. WAMS will be the primary system for creating and tracking work requests and transactional asset information related to functions such as construction, maintenance, service, etc. Aligning asset related work with other work activities will provide an opportunity to package activities in an efficient

manner. An example of the packaged approach would be scheduling an AMP Fitting replacement to coincide with a leak survey or service relay.

37. Another driver is the need for the Company to meet more stringent safety and reliability standards, which necessitates more flexible information technology.

38. Finally, the WAMS project will support the proposed performance measurement tracking and reporting on productivity over the Customized IR Plan term, including productivity of outside partners.

39. These business drivers have established a priority for the Company to implement the WAMS Program. Over the next two years this project will source and implement technology that will enable Enbridge to continue to operate its core functions, and implement systems that complement the Company's holistic asset management approach.

40. The forecast costs of the WAMS project are set out separately within Tables 1 and 2.

System Integrity and Reliability Activities

41. The Company has identified that a continuation of increased activities and expenditures associated with System Integrity and Reliability is necessary for the period of 2014 to 2016 and beyond. The Company has also determined that the System Integrity and Reliability costs for 2017 and 2018 are uncertain, but very likely to be as much or more than the corresponding costs in 2016.

42. From November 1, 2012 the Company is obligated to implement and operate a fulsome program as a natural gas distributor in the province of Ontario. The increase in activity and expenditures for System Integrity and Reliability which led

Filed: 2013-06-28
EB-2012-0459
Exhibit C2
Tab 1
Schedule 1
Page 1 of 2

KEY ECONOMIC ASSUMPTIONS*

ECONOMIC OUTLOOK: CANADA & U.S.

CALENDAR YEAR	2008	2009	2010	2011	2012F	2013F	2014F	2015F	2016F
REAL GDP (% CHANGE)									
CANADA	0.7	-2.8	3.2	2.4	2.0	1.9	2.5	2.6	2.2
U.S.	-0.3	-3.5	2.8	1.8	2.5	2.4	3.0	3.0	3.0
CANADA REAL EXPORTS (% CHANGE)	-4.7	-13.8	6.4	4.6	1.7	2.7	5.5	4.0	3.6
CANADA REAL IMPORTS (% CHANGE)	1.5	-13.4	13.1	7.0	2.6	2.8	4.4	3.6	3.1
CANADA HOUSING STARTS (000's)	211.1	149.1	189.9	194.0	217.5	194.0	189.1	228.0	234.0
CANADA UNEMPLOYMENT RATE (%)	6.1	8.3	8.0	7.6	7.3	7.2	6.9	6.4	6.0
CANADA EMPLOYMENT GROWTH (% CHANGE)	1.7	-1.6	1.4	1.6	1.1	1.2	1.4	1.6	1.4
CONSUMER PRICES (% CHANGE)									
CANADA	2.4	0.3	1.8	2.9	1.7	1.8	2.1	2.0	2.0
U.S.	3.8	-0.4	1.7	3.1	2.0	1.8	2.1	2.0	2.2

ECONOMIC OUTLOOK: ONTARIO

CALENDAR YEAR	2008	2009	2010	2011	2012F	2013F	2014F	2015F	2016F
REAL GDP (% CHANGE)	-0.7	-3.8	3.0	2.7	1.9	2.0	2.6	2.9	2.8
REAL MANUFACTURING OUTPUT (% CHANGE)	-8.9	-15.7	6.5	2.4	3.2	3.8	3.2	2.5	2.2
HOUSING STARTS (000's)	75.1	50.4	60.4	67.8	76.6	64.4	61.8	72.8	74.3
UNEMPLOYMENT RATE (%)	6.5	9.0	8.6	7.8	7.9	7.8	7.5	6.7	6.4
EMPLOYMENT GROWTH (% CHANGE)	1.5	-2.4	1.6	1.8	0.7	1.1	1.5	1.6	1.5
CONSUMER PRICES (% CHANGE)	2.3	0.4	2.4	3.1	1.7	1.9	2.1	2.0	2.0
RETAIL SALES (% CHANGE)	3.9	-2.5	5.4	3.6	2.4	3.2	4.0	4.2	3.9
WAGE RATE (% CHANGE)	5.8	6.5	5.3	1.6	1.7	2.6	2.8	2.8	2.8
REAL RESIDENTIAL NATURAL GAS PRICE (% CHANGE)	1.5	-17.8	-13.2	-11.5	-10.2	13.0	4.6	1.6	2.1
REAL COMMERCIAL NATURAL GAS PRICE (% CHANGE)	1.6	-19.8	-14.5	-12.8	-12.1	16.1	5.6	2.2	2.7

* The forecasts have been updated to reflect the Q1 2013 Economic Outlook.

Witnesses: H. Sayyan
M. Suarez

COMPARISON OF AVERAGE CUSTOMER METERS BY RATE CLASS
2014 BUDGET AND 2013 BOARD APPROVED BUDGET

Item No.		Col. 1 2014 Budget	Col. 2 2013 Board Approved Budget	Col. 3 2014 Budget Over (Under) 2013 Budget (1-2)
General Service				
1.1.1	Rate 1 - Sales	1 700 370	1 595 083	105 287
1.1.2	Rate 1 - T-Service	199 262	271 451	(72 189)
1.1	Total Rate 1	1 899 632	1 866 534	33 098
1.2.1	Rate 6 - Sales	139 229	132 728	6 501
1.2.2	Rate 6 - T-Service	20 347	25 767	(5 420)
1.2	Total Rate 6	159 576	158 495	1 081
1.3.1	Rate 9 - Sales	7	8	(1)
1.3.2	Rate 9 - T-Service	1	1	0
1.3	Total Rate 9	8	9	(1)
1.	Total General Service Sales & T-Service	2 059 216	2 025 038	34 178
Contract Sales				
2.1	Rate 100	0	0	0
2.2	Rate 110	33	36	(3)
2.3	Rate 115	1	2	(1)
2.4	Rate 135	1	1	0
2.5	Rate 145	11	13	(2)
2.6	Rate 170	5	6	(1)
2.7	Rate 200	1	1	0
2.	Total Contract Sales	52	59	(7)
Contract T-Service				
3.1	Rate 100	0	0	0
3.2	Rate 110	158	165	(7)
3.3	Rate 115	26	28	(2)
3.4	Rate 125	5	5	0
3.5	Rate 135	40	37	3
3.6	Rate 145	91	95	(4)
3.7	Rate 170	29	32	(3)
3.8	Rate 300	2	3	(1)
3.9	Rate 315	0	0	0
3.	Total Contract T-Service	351	365	(14)
4.	Total Contract Sales & T-Service	403	424	(21)
5.	Total	2 059 619	2 025 462	34 157

Witnesses: R. Cheung
S. Qian

UNDERTAKING TCU3.8

UNDERTAKING

Technical Conference TR 3, page 45

EGDI to identify number of forecast new contract customers by rate class for 2014.

RESPONSE

There are two new contract customers that were not included in the 2014 budget at the time of filing; one is a Rate 100 customer and the other is on Rate 145.

Witness: M. Suarez

UNDERTAKING TCU3.9

UNDERTAKING

Technical Conference TR 3, page 46

EGDI confirm whether, since the time of the filing of this application, it has been in discussions with any new contract customers for 2014 and the respective volumes.

RESPONSE

The Company confirms that it is involved in a number of ongoing discussions with potential customers at this time. The nature of the discussions is quite fluid as there remains much uncertainty around the probability of projects proceeding, whether customers will sign up for Rate 6 or contract rates, when projects will be completed, or what annual volumes would be required.

Witness: M. Suarez

Filed: 2012-01-31
EB-2011-0354
Exhibit D4
Tab 2
Schedule 4
Page 1 of 1

Enbridge Gas Distribution
Operating and Maintenance Expense by Cost Type
2012 Bridge Year vs. 2011 Historical Year

Line No.	Particulars ($000's)	Estimate 2012 (a)	Historical 2011 (b)	Difference (c)	% (d)
1.	Salaries and Wages	$160,672	$145,002	$ 15,669	10.8%
2.	Benefits	25,941	23,193	2,748	11.8%
3.	Pension	20,557	3,224	17,333	537.6%
4.	Short Term Incentive Program	19,428	22,272	(2,844)	-12.8%
5.	Employee Training and Development	4,041	3,615	427	11.8%
6.	Materials and Supplies	5,495	4,830	665	13.8%
7.	Outside Services	77,868	62,408	15,459	24.8%
8.	Regulatory Costs	5,843	5,849	(6)	-0.1%
9.	Consulting	6,687	5,349	1,338	25.0%
10.	Repairs and Maintenance	1,946	1,180	765	64.9%
11.	Fleet	9,768	8,862	905	10.2%
12.	Rents and Leases	7,438	6,270	1,168	18.6%
13.	Telecommunications	3,619	3,296	323	9.8%
14.	Travel and Other Business Expenses	4,702	3,720	982	26.4%
15.	Memberships	3,158	2,900	258	8.9%
16.	Claims, Damages and Legal Fees	754	1,194	(440)	-36.9%
17.	Customer Care Service Charges (including CIS)	90,436	82,617	7,819	9.5%
18.	Interest on Security Deposits	1,933	1,146	787	68.6%
19.	Provision for Uncollectibles	13,700	16,794	(3,093)	-18.4%
20.	Internal Allocations and Recoveries	(25,130)	(24,061)	(1,069)	4.4%
21.	Corporate Cost Allocations (including direct costs)	46,816	41,822	4,993	11.9%
22.	Other	5,879	5,420	458	8.5%
23.	Subtotal	491,549	426,903	64,646	15.1%
24.	Capitalization (A&G)	(31,404)	(25,348)	(6,056)	23.9%
25.	Capitalization	(65,273)	(54,976)	(10,297)	18.7%
26.	Non-Utility Allocations	(3,220)	(3,426)	206	-6.0%
27.	Total Net Utility O&M Expense, excl. DSM, Conservation	391,652	343,152	48,500	14.1%
28.	Demand Side Management Programs (DSM)	28,100	28,074	26	0.1%
29.	Conservation Services	6,978	6,958	19	0.3%
30.	Total Net Utility O&M Expense before Eliminations	426,729	378,185	48,544	12.8%
31.	Regulatory Eliminations				
32.	To eliminate Corporate Cost Allocations above RCAM	(16,610)	(15,107)	(1,503)	9.9%
33.	To eliminate Conservation Services and Overheads	(7,919)	(7,407)	(512)	6.9%
34.	Total Eliminations	(24,529)	(22,514)	(2,015)	8.9%
35.	Total Net Utility O&M Expense	$402,200	$355,671	$ 46,530	13.1%
36.	FTE	2,231	2,070	161	7.8%

Note:
The Salaries and Wages (Line 1) exclude the salaries and wages embedded in the following line items because they have their own discrete regulatory treatments: Customer care service charges (Line 17), DSM (Line 28), and Conservation services (Line 29).

Witnesses: S. Kancharla
R. Lei

Filed: 2012-01-31
EB-2011-0354
Exhibit D3
Tab 2
Schedule 4
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FTE and SALARIES & WAGES
2013 Test Year

Salary Bands	Col. 1 FTE	Col. 2 Total Salaries ($000's)	Col. 3 Average Salary ($000's)
1. Management	140	$ 21,911	$ 156.9
2. Supervisory	1,452	119,216	82.1
3. Unionized	695	44,861	64.5
4. Total	2,287	$ 185,988	$ 81.3

Witnesses: S. Kancharla
R. Lei
S. Trozzi

Enbridge Gas Distribution
Operating and Maintenance Expense by Cost Type
2014 Fiscal Year vs. 2013 Board Approved

Line No.	Particulars ($000's)	Budget 2014 (a)	Board Approved 2013 (b)	Difference (c)	% (d)
1.	Salaries and Wages	$170,572	$ 167,670	$ 2,902	1.7%
2.	Benefits	25,756	25,261	495	2.0%
3.	Short Term Incentive Program	21,156	20,700	456	2.2%
4.	Employee Training and Development	4,973	4,751	222	4.7%
5.	Materials and Supplies	5,168	5,309	(142)	-2.7%
6.	Outside Services	86,090	83,710	2,381	2.8%
7.	Consulting	4,732	5,082	(350)	-6.9%
8.	Repairs and Maintenance	2,376	2,343	33	1.4%
9.	Fleet	10,354	10,213	141	1.4%
10.	Rents and Leases	7,383	7,338	45	0.6%
11.	Telecommunications	3,742	3,637	106	2.9%
12.	Travel and Other Business Expenses	5,042	5,387	(345)	-6.4%
13.	Memberships	5,026	5,010	17	0.3%
14.	Claims, Damages and Legal Fees	940	863	77	8.9%
15.	Interest on Security Deposits	1,313	780	533	68.3%
16.	Provision for Uncollectibles	9,500	9,500	-	0.0%
17.	Legal Fees	2,759	2,700	59	2.2%
18.	Audit Fees	1,616	1,594	22	1.4%
19.	Other	4,609	4,545	64	1.4%
20.	Internal Allocations and Recoveries	(29,488)	(29,900)	412	-1.4%
21.	Capitalization (A&G)	(35,500)	(37,795)	2,295	-6.1%
22.	Capitalization	(76,820)	(75,451)	(1,370)	1.8%
23.	Regulatory Eliminations	(3,276)	(4,049)	773	-19.1%
24.	Other O&M	228,022	219,197	8,825	4.0%
25.	Customer Care/CIS Service Charges	92,631	89,444	3,187	3.6%
26.	Pension and OPEB Costs	37,248	42,800	(5,552)	-13.0%
27.	Corporate Cost Allocations (including direct costs)	44,977	45,761	(784)	-1.7%
28.	Demand Side Management Programs (DSM)	32,159	31,588	571	1.8%
29.	Conservation Services	1,976	2,728	(752)	-27.6%
30.	Subtotal	437,013	431,519	5,494	1.3%
	Other Regulatory Eliminations				
31.	To eliminate Corporate Cost Allocations above RCAM	(9,695)	(13,666)	3,971	-29.1%
32.	To eliminate Conservation Services	(1,976)	(2,728)	752	-27.6%
33.	Total Eliminations	(11,671)	(16,394)	4,723	-28.8%
34.	Total Net Utility O&M Expense	$425,342	$ 415,125	$ 10,217	2.5%
35.	FTE's	2,377	2,388	-11	-0.5%

Witnesses: S. Kancharla
R. Lei