UNDERTAKING TCU1.1

UNDERTAKING

Technical Conference TR, page 14

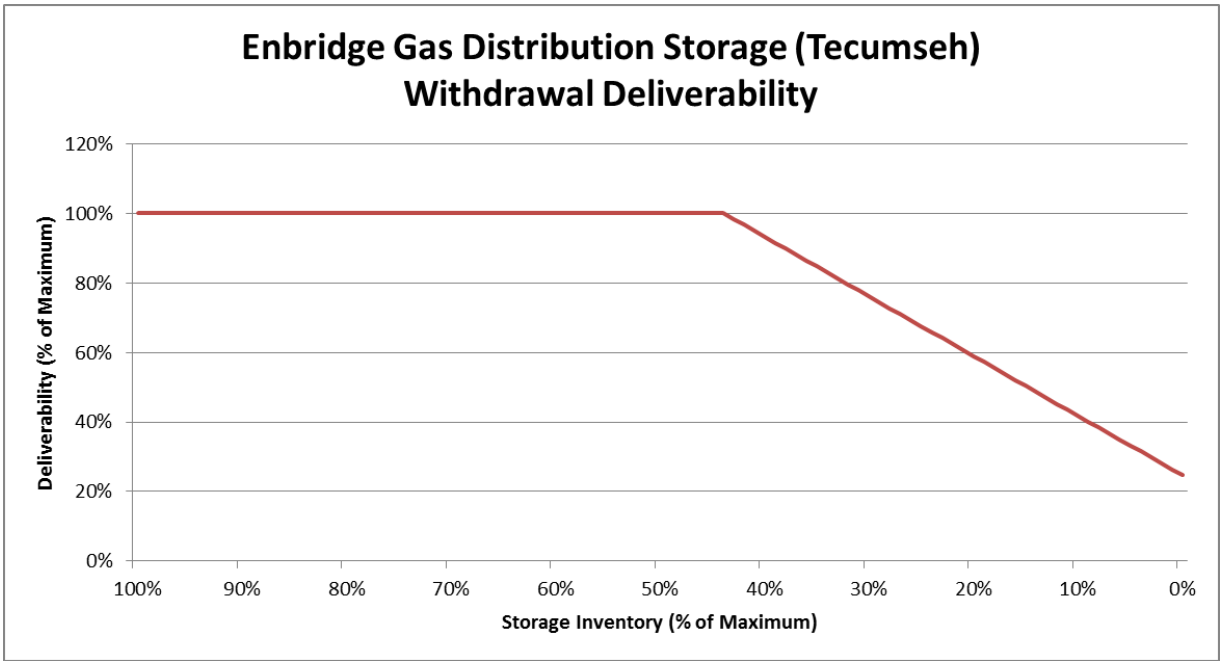
To provide the storage deliverability curves that the Company relies upon to determine deliverability to be attained.

RESPONSE

The storage withdrawal deliverability curve for the Company's underground storage facility which is located at Tecumseh near Corunna in southwestern Ontario is provided in Figure 1. For the purpose of developing the 2015 gas supply plan, the Company assumed a linear decline in deliverability from approximately 43% of the maximum storage balance to where storage inventory is nearly depleted. In the Company's experience, this provides a reasonable approximation of deliverability that can be expected in any given winter. It should be noted that maximum deliverability assumed is approximately 1.9% of maximum storage inventory which is significantly higher than what is typically provided as part of a third party storage contract. Actual storage withdrawal capability will be influenced by a number of factors such as maintenance related to the storage facility and other nearby facilities, the storage balances of individual underground storage pools within the storage facility, and the pressure of transmission pipelines connecting to the storage facility. As a result, Gas Control and Gas Supply staff work closely with the storage facility throughout the winter season to determine current assessments of the storage withdrawal deliverability when making decisions related to the execution of the gas supply plan.

Witness: D. Small

Figure 1



Witness: D. Small

UNDERTAKING TCU1.2

UNDERTAKING

Technical Conference TR, page 16

To provide the storage deliverability curve that Enbridge relied upon; to provide the inventory level in aggregate for third-party contracts.

RESPONSE

The Company understands that, contrary to what was recorded as the Undertaking in the transcript, the following was the actual request: To provide the aggregate inventory level threshold required to maintain full deliverability for third party contracts.

Enbridge's third party storage contracts, which represent approximately 20% of the total storage capacity relied upon by the Company, provide that the supplier will maintain full deliverability in aggregate while storage balances are greater than 18% of the aggregated maximum storage balances of the third party storage contracts.

Witness: D. Small

UNDERTAKING TCU1.3

UNDERTAKING

Technical Conference TR, page 19

To advise the criteria used, if not peak-day design, to establish the amount of gas needed in inventory by March 31st.

RESPONSE

The 2015 gas supply plan deliverability target for March 31, 2015 is approximately 55% of the maximum storage deliverability.

The methodology used to determine the peak demand and deliverability targets for March are consistent with the design criteria approved by the Board which includes 6 multi-peaks in March on a 1 in 5 year recurrence interval. The Company has also applied gas supply planning principles that are consistent with previously approved gas supply plans. The minimum level of storage inventory and withdrawal capability required to meet the highest multi-peak demand for March was then maintained to the end of March as discussed in the Company's evidence[1]. Extending the storage deliverability required to meet the March peak demand to the end of March is a deviation from past practices, but it is consistent with the methodology used to establish the end of February 2015 storage deliverability targets. The approach of maintaining storage deliverability targets required to meet March peak demand to the end of March is also consistent with practices currently approved by the Board for Union Gas Limited.

[1] EB-2014-0276, Exhibit D1, Tab 2, Schedule 1, Page 9 of 11.

Witness: D. Small

UNDERTAKING TCU1.4

UNDERTAKING

Technical Conference TR, page 82

To provide a description of information that was used to derive the customer number and to show the locked customers and unlocked customers separately.

RESPONSE

As explained at the Technical Conference, the customer number forecasts that are used to determine (update) Customer Care and CIS costs under the Board-approved EB-2011-0226 Settlement Agreement are calculated differently from the customer number forecasts used for volumes purposes. The difference is that the customer number forecast for Customer Care and CIS costs includes locked accounts. That is consistent with the approach used under the Company's contract with Accenture.

The number of locked accounts varies dramatically during the year due to seasonal collection practices. At the beginning/end of a fiscal year (which is during the heating season) the number of locked accounts varies between 10,000 – 15,000. This number increases to more than 40,000 during the summer and fall.

Set out below are the 2015 customer count forecasts that were used for Customer Care/CIS costs as compared to the 2015 customer count forecast used for the Company's volumetric forecasts.

Customer care/CIS	2,112,148
Unlocks (volumes)	2,096,839

The difference of approximately 15,000 customers represents the average number of locked accounts during the year which varies between 10,000 and 40,000.

In response to the Board's requirement to provide 2014 actual information for items to be updated, the comparable numbers were as follows.

Customer care/CIS	2,077,029
Unlocks (volumes)	2,063,836

Witnesses: D. McIlwraith
R. Small

UNDERTAKING TCU1.5

UNDERTAKING

Technical Conference TR, page 87

To explain the 2015 need for long-term debt issuances.

RESPONSE

This undertaking asked the Company to identify how temporarily excess cash is utilized, with excess cash defined as cash on hand that is not currently needed. During the discussion leading up to this undertaking, it was suggested that the negative short-term debt resident within the updated 2015 capital structure was an indication that the Company would have excess cash on hand at some point during 2015. The Company does not agree with that conclusion. As explained in response to Energy Probe Interrogatory #11found at I.E1.EGDI.EP.11, the negative short-term debt results from incremental financing that was acquired in April 2014 to ensure the Company had sufficient liquidity to meets its current and anticipated future elevated working capital requirements.

Elevated working capital requirements in relation to funding work-in-progress for the GTA and WAMS projects, forecast to cost between $700 and $800 million, was expected to grow and continue through 2014 and into late 2015 and early 2016. In anticipation of having elevated and growing working capital requirements for an extended period of time, the Company determined that the existing $700 million credit facility would be placed under pressure to provide the Company with an adequate level of liquidity. At the time of the April 2014 issuance, elevated working capital requirements and liquidity pressures were also intensified by the gas purchase requirements caused by the extremely cold 2014 winter. These working capital requirements, which are not included in utility rate base (WIP amounts are not included in rate base until the project is put into service), are typically funded through the Company's short-term credit facility and operating cash flows.

To address liquidity requirements, various options to prudently increase liquidity were considered in the development of the 2014 Financing Plan. Based on the market conditions at the time, it was determined that the shorter term note could be issued at a rate comparable to the Company's existing short-term credit facility, and for a term generally consistent with the anticipated period of elevated working capital requirements. As such, an incremental $300 million 3 year note, not included in the

Witnesses: R. Craddock
R. Small

EB-2012-0459 2014 approved capital structure, was issued in April 2014, as shown at Line 16 of Exhibit E2, Tab 1, Schedule 2. The 3 year note has an effective cost rate of 1.965%, which is in line with the Company's overall short-term debt rate of 1.52% (and is very different from the average cost of long-term debt, which is 4.88% after including the impact of this relatively inexpensive 3 year note).

The incremental $300 million issuance from 2014 has been included within the long-term debt component of the updated 2015 capital structure. It does not displace any of the previously forecast $600 million in long-term debt forecast to be issued in 2015. The incremental 2015 issuances are required to free-up and replace short-term financing in conjunction with the actual rate base growth, and the expected completion, or near completion of the GTA and WAMS projects. The inclusion of the incremental 2014 issuance, which was acquired largely to extend the Company's short-term credit facility and fund operating requirements not included in rate base, results in negative short-term debt required to balance the updated 2015 capital structure. The incremental issuance was included with long-term debt in order to match the Company's external financial reporting, and to be transparent. However, as indicated in response to Energy Probe Interrogatory #11, if there is a concern about EGD having negative short term debt in 2015, then a solution is for the incremental $300 million issuance from 2014 to be re-categorized as short-term debt which would be consistent with the underlying purpose and attributes of that debt issuance, which has a much shorter term and cost rate than any of the Company's other term debt.

During the course of daily operations, where the Company finds itself with a positive cash balance in excess of anticipated upcoming day-to-day requirements, the additional funds are used to reduce draws against the short-term credit facilities or repay outstanding commercial paper.

Witnesses: R. Craddock
R. Small

UNDERTAKING TCU1.6

UNDERTAKING

Technical Conference TR, page 91

To indicate the interest costs that may have been avoided by maintenance of these account balances based on either 2 percent or a reasonable estimate and to indicate the degree to which those savings may have been shared with ratepayers.

RESPONSE

Upon further investigation, the Company has confirmed that interest has been returned to most customers where successful refunds of the credit balance have been made. Based on transaction level detail available from the Company's CIS, the Company has determined that it paid interest totalling $387,266 on the refunds of credit balances paid to customers from 2012 to 2014. Customers were credited with interest for the period of time from the overpayment date to the refund date using the same interest rate paid on security deposits of 1.47%.

The following table sets out the approximate/estimated credit final bill amount balances by year for the relevant years. The table also sets out the estimated interest costs associated with the credit amounts, calculated at the same rate of 1.47%. That interest rate is consistent with the Company's short-term financing costs.

	Opening ($ MM)	Closing ($ MM)	Average ($ MM)	Interest @ 1.47%
2009*	0.0	3.0	1.5	$ 22,050
2010*	3.0	10.0	6.5	$ 95,550
2011	10.0	22.2	16.1	$ 236,670
2012	22.2	22.1	22.2	$ 325,605
2013	22.1	16.2	19.2	$ 281,505
2014	16.2	7.1	11.7	$ 171,255

** estimated balances as detailed A/R reporting unavailable for these years*

As explained at the Technical Conference, the benefit to the Company of the reduced A/R balance resulting from these payments reflected in lower working cash requirements, and that benefit would have increased earnings. These increased

Witness: D. McIlwraith

earnings would have been reflected in Earnings Sharing amounts in all years except 2013.

Further, the Company has incurred significant incremental O&M costs to address this issue. As explained at the Technical Conference, these are costs payable to a third party, and are incremental to the CIS/Customer Care costs that were recovered in rates. Per Interrogatory VECC #13 (d) found at Exhibit I.D2.EGDI.VECC.13, these costs were approximately $1.1 M annually in the peak years of 2012/2013.

UNDERTAKING TCU1.7

UNDERTAKING

Technical Conference TR, page 100

To find out why long-term debt rates were not updated in October and to indicate what the interests were in October.

RESPONSE

The forecast long-term debt cost rates, shown in Exhibit E1, Tab 3, Schedule 1, Table 2, have been updated below to reflect October 2014 forecasts.

Item No.	Amount ($MM)	Issue Date	Term (Yrs)	Canada Yield	Corporate Spread	Coupon	Amortized Issue Costs	Effective Cost
1	300	15-Sep-15	10	2.80%	1.10%	3.90%	0.05%	3.95%
2	300	15-Sep-15	30	3.07%	1.40%	4.47%	0.02%	4.49%

Long-term debt rates were not updated to reflect October values as a result of an oversight in the preparation process. The Company will reflect the impact of October 2014 forecasts of long-term debt cost rates within final rates for 2015. The impact of the change from the previously used July 2014 forecast of long-term debt cost rates is a decrease of approximately $0.2 million in the 2015 cost of long-term debt. The $0.2 million reduction in the cost of long-term debt results in a corresponding decrease in the 2015 overall cost of capital and gross deficiency amounts, as set out at Exhibit F1, Tab 2, Schedule 1.

Witnesses: R. Craddock
R. Small