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VIA COURIER, RESS and EMAIL

August 6, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

**Re: Ontario Energy Board File No. EB-2015-0233
Enbridge Gas Distribution Inc. Application for Exemption from
the Affiliate Relationships Code for Gas Utilities**

Enclosed please find an application from Enbridge Gas Distribution Inc. (EGD) for exemption from section 2.2.2 of the Affiliate Relationships Code for Gas Utilities, to enable EGD to participate in the consolidation of IT shared services within Enbridge Inc.

Two of the appendices contained in the application are being filed with the Ontario Energy Board under separate cover as they contain confidential information.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Stephanie Allman
Regulatory Coordinator

cc: Dennis O'Leary, Legal Counsel, Aird & Berlis LLP

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B) (the “Act”);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc., under Sections 19 and 44 of the Act, for an exemption under section 2.2.2 of the *Affiliate Relationships Code for Gas Utilities*.

APPLICATION

A. BACKGROUND

1. Enbridge Gas Distribution Inc. (“Enbridge Gas”) hereby applies for an exemption order from the Board from the application of section 2.2.2 of the *Affiliate Relationships Code for Gas Utilities* (the “Code” or “ARC”) in respect of the actions referenced in this Application.
2. As Enbridge Inc. and its affiliates (“Enbridge” or the “Enterprise”) have grown over time, so have the information technology (“IT”) functions and needs within each Enbridge business unit. In an effort to reduce or eliminate duplication in IT services, systems, and support teams, Enbridge has consolidated all of its IT infrastructure services to enable sharing across the Enterprise (“IT Shared Services” or “ITSS”).
3. In 2013, Enbridge examined its IT needs and costs with input from Enbridge Gas and concluded that there is value in having IT Shared Services within the Enterprise. This consolidation occurred late 2014 / early 2015. Enbridge Gas has been receiving certain ITSS services from the Enterprise pursuant to the Regulatory Cost Allocation Methodology (“RCAM”) Intercorporate Service Agreement (“ISA”) with Enbridge, a copy of which is attached as Appendix A. Although some ITSS services have been in place since January 1, 2015, Enbridge

Gas has been unable to fully participate and receive all of the anticipated benefits of ITSS because of ARC restrictions.

4. Under the ITSS model, Enbridge Gas employees and contractors would be consolidated within Enbridge and become Enbridge employees and contractors ("ITSS Contractors"). The ITSS Contractors would be shared amongst Enbridge affiliates. In the course of carrying out certain ITSS services, the ITSS Contractors would have limited and incidental access to "confidential information"¹ within Enbridge Gas' information systems. There are no circumstances in which the ITSS Contractors will have direct access to Enbridge Gas IT databases that store customer information. In order for Enbridge Gas to participate fully in ITSS, it is seeking an exemption from section 2.2.2 of the ARC which states, "Where a utility shares information services with an affiliate, all confidential information must be protected from access by the affiliate".

5. Enbridge Gas prepared a business case, attached as Appendix B, to describe the structure and benefits of ITSS and how Enbridge Gas will ensure the continued security of customer information and therefore compliance with the intent of section 2.2.2.

6. The business case illustrates the financial and qualitative benefits of ITSS to Enbridge Gas. Enbridge Gas is expected to save approximately \$2 million annually by 2018. If the ARC exemption is not granted, Enbridge Gas would forgo approximately \$633,000 in annual RCAM related charges. Currently, Enbridge Gas is seeking to generate these additional efficiencies consistent with the objectives of its recently approved Custom Incentive Regulation Plan (EB-

¹ In this Application, "confidential information" or "customer information" is used in reference to section 1.2 of the Code to mean information relating to a specific consumer, marketer or other customer of a utility service, which information the utility has obtained in the process of providing current or prospective utility services. .

2014-0276). Enbridge Gas will continue to apply the Board-approved RCAM methodology to appropriately allocate to Enbridge Gas its allocation of ITSS service costs. No change or modification is required in respect of the RCAM methodology.

7. Additionally as illustrated in the business case, centralization of IT Shared Services will result in a number of qualitative benefits:

(i) lower costs being charged back to Enbridge Gas because of cost efficiencies in training, storage, maintenance and staffing.

(ii) enhanced and improved services such as cybersecurity monitoring and alerting, disaster recovery, incident management, and change management.

(iii) enhanced agility and scalability as a result of Enbridge Gas operating within the same infrastructure as the Enterprise. Centralization will result in integrating acquisitions and divestments more swiftly and future business and development needs can be completed more efficiently and in a cost effective manner.

8. ITSS consists of the following six service categories:

(i) *Core Infrastructure Services* provide for the setup, monitoring and support of data centre and equipment;

(ii) *Network Services* supports and manages all voice and data transmission facilities;

(iii) *Security Operations* provides assessment, tools, forensic investigations, and services to protect Enbridge Gas computing assets from loss or compromise of service;

(iv) *Productivity Services* provides tools and services (e.g. Microsoft Office, Outlook) to enable end users performing day to day activities as well as trouble shooting the applications.

- (v) *Infrastructure Project Management & Business Analysis* group provides the structure and governance for projects and major activities; and
- (vi) *Service Management* provides the first line support (e.g. Help Desk) and Desktop support to users and manages requests, incidents and changes within IT.

9. The three ITSS service categories that may result in incidental access to confidential information by affiliates are Service Management, Productivity Services and Security Operations. Under Service Management, ITSS Contractors may incidentally view Enbridge Gas customer information while repairing hardware or troubleshooting a business application issue. There is also the potential to inadvertently view customer information on IT repair and service tickets. Under Productivity Services, ITSS Contractors may incidentally view customer information while, for example, troubleshooting Microsoft Outlook for an Enbridge Gas employee. Under Security Operations, customer information may be contained in Microsoft Outlook, mobile devices, a hard drive, or a file share/Microsoft Share Point site from which ITSS Contractors are retrieving data pursuant to an Enbridge Gas forensic investigation.

10. Under each of these services, such incidental access is benign from the customer's perspective for a number of reasons. First, such access occurs only when system issues or maintenance is required or an investigation is authorized by Enbridge Gas. It is therefore not predictable by any ITSS Contractor and the direction of problems with or inquiries about hardware or software applications to ITSS Contractors will occur on a random basis to whomever is available. Second, the ITSS Contractor engaged to provide IT Shared Services will then have access to confidential information only to the extent required to rectify or investigate the issue. This means that the ITSS Contractor will have access at most to a "snapshot" of a customer's information on the day or with respect to the investigation in question. As a result of these practical limitations, it is clear that the ITSS Contractors could have no use for

the incidental customer information they may encounter. Specific examples of such access situations are described further in the paragraphs below.

11. Service Management functions as a triage process, to assess the problem and determine the best Enbridge Gas resource to provide a solution. An example of this would involve an Enbridge Gas employee requesting help from the ITSS Service Desk in respect of a problem which has developed. Attached at Appendix C is a screen shot of a typical trouble shooting email that the Enbridge Gas employee would send. In this example, a Customer Care representative has sent an email to the Service Desk advising that they were unable to issue a refund to the customer identified in the screen shot capture. The ITSS Service Desk will respond orally or in writing with the solution which will be sent to the appropriate Enbridge Gas team member that provides support for the CIS application. As noted above, there are no circumstances in which the Service Desk (i.e. the ITSS Contractors) has direct access to databases that store the customer information. In this example, the Service Desk does not have access to the Enbridge Gas CIS system. It cannot therefore manipulate the data nor issue the refund to the customer.

12. In providing Productivity Services, the ITSS Contractors may have incidental access to customer data by providing Enbridge Gas users e-mail support. E-mail support can consist of troubleshooting mailboxes of users that contain customer information. For example, an Enbridge Gas user may ask for assistance in recovering or finding e-mails. Attached at Appendix D is a screen shot of a mailbox in which an ITSS Contractor would need to access the Enbridge Gas user's mailbox in order to find an e-mail. In this instance the access would once again be isolated to this assistance required event and once the problem is resolved, the ITSS Contractor's access to the mailbox would end.

13. Security Operations personnel would have the ability to conduct forensic investigations and retrieve information from a user's hard drive, mobile device, e-mail and file sharing/Microsoft Share Point sites, as required to assist with investigations or resolving security incidents. Viewing of customer information as part of an investigation would be very rare and would only occur where that customer is involved in the investigation in some manner. All Enbridge Gas investigations are strictly controlled and managed by Enbridge Gas personnel, including the Law and Compliance groups, to ensure integrity of the data handling and use process. Security personnel involved in an investigation also execute a confidentiality undertaking to provide information gathered only to the Compliance Officer (who is also the Privacy Officer) and EGD data files are retained at EGD at the conclusion of an investigation.

B. SAFEGUARDS

14. Enbridge Gas has established a number of safeguards to ensure that its customer information is protected from unauthorized use and that access by ITSS Contractors is limited and controlled. All ITSS Contractors receive specific training on privacy and IT standards. Below is a table that outlines all the safeguards in place at Enbridge Gas to protect the customer information.

Safeguard	Description
Physical Measures	<p>Enbridge Gas will continue to build and manage all servers that store customer information.</p> <ul style="list-style-type: none">• Enbridge Gas will maintain control over who has access to customer information.• ITSS Contractors will be physically separated from Enbridge Gas Customer Care.

**RCAM
Intercorporate
Service Agreement**

Under the RCAM ISA all services are required to be provided in compliance with the ARC and other OEB rules or orders.

Enbridge Gas periodically provides training on IT security policies and privacy standards in order to ensure employees are aware of their obligations to protect confidential information. Employees are required to certify compliance with the following training:

- Mandatory ARC training including Frequently Asked Questions developed for ITSS Contractors to assist and reinforce the importance of protecting confidential information and complying with ARC

ITSS Training

- Acceptable Use of Computing Assets Policy
- Privacy training including the *Personal Information Protection and Electronics Act*
- Statement on Business Conduct
- The Security Operations personnel take specific training

Non-compliance with the training may result in discipline up to and including termination.

**Records
Management
Policies and
Training**

- The Enterprise has published an information classification standard on the intranet for all employees to follow to adequately protect various types of data. Consumer data is classified as "Confidential" and there are very specific guidelines and rules for processing and storing consumer data such as encryption, physical storage on locked containers, multifactor authentication, and access rights.

Physical Servers

- All Enbridge Gas servers are built and managed by Enbridge Gas employees. This ensures Enbridge Gas maintains control over who has direct access to customer data.

Auditing

- Enbridge Gas audits its Customer Information Systems (CIS) to ensure that the application and access is only available to Enbridge Gas employees.
- The security operations center is operated by Enbridge Gas internal audit and Deloitte to ensure to ensure compliance of ITSS Contractors.

15. Enbridge Gas submits that there is no harm to either ratepayers or the competitive markets as a result of the limited and potential random incidental access by ITSS Contractors to

the Enbridge Gas customer data while providing help desk, desktop, e-mail and security support services to end users. As Enbridge does not offer any competitive retail energy services in Ontario, its employees can gain no foreseeable business advantage from having such incidental access to customer information.² Further, Enbridge has strict controls and safeguards in place to ensure access to and use of customer information is restricted and controlled within the Enterprise at least as well as Enbridge would require of any third party contractor.

16. In support of the ARC exemption request, Enbridge Gas undertakes to file with the OEB on an annual basis that the facts or circumstances underlying the exemption request remain unchanged. Enbridge Gas further undertakes to provide notice to the OEB if there is any material change to ISA between Enbridge Gas and Enbridge for the provision of IT Shared Services.

17. Enbridge Gas therefore respectfully requests that the Board grant it an exemption from section 2.2.2 of the Code for the limited purpose of allowing Enbridge Gas to participate fully in ITSS as described above.

The Applicant

Mr. Andrew Mandyam
Director, Regulatory Affairs
- and -
Mr. Guri Pannu
Regulatory Counsel
Enbridge Gas Distribution Inc.

Address: 500 Consumers Road
North York, ON M1J 1P8

² Tidal Energy Marketing Inc. is an affiliate of Enbridge Gas that conducts natural gas marketing activity in Ontario for industrial and wholesale customers. Tidal Energy buys, sells, transports and provides storage for natural gas. Tidal Energy does not provide energy services in the retail energy market.

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Applicant's Counsel

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18. Please quote the name or docket number of the proceeding in all communications.

Dated: August 6, 2015

ENBRIDGE GAS DISTRIBUTION INC.

(Original Signed)

Andrew Mandyam
Director, Regulatory Affairs

INTERCORPORATE SERVICES AGREEMENT

THIS AGREEMENT made as of the first day of January, 2011

B E T W E E N:

ENBRIDGE INC., a corporation incorporated under the laws of Canada (the "**Service Provider**")

- and -

ENBRIDGE GAS DISTRIBUTION INC., a corporation incorporated under the laws of the Province of Ontario (the "**Service Recipient**")

WHEREAS the above-named parties ("**Parties**") entered into a prior intercorporate services agreement made as of January 1, 2006 (the "**Prior Agreement**");

AND WHEREAS the Affiliate Relationships Code for Gas Utilities rule (the "**Code**") of the Ontario Energy Board ("**OEB**") prohibits the term of an intercompany services agreement to be greater than five (5) years without OEB approval;

AND WHEREAS the Parties wish to continue the relationship set out in the Prior Agreement whereby the Service Provider provides services to the Service Recipient, in accordance with the terms and conditions of this agreement, and any attached schedules (the "**Agreement**").

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and mutual covenants hereinafter contained, the Parties agree:

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1. Termination of Prior Agreement

Effective as of 11:59 pm EST on December 31, 2010, the Prior Agreement is terminated. Effective as of 12:00 am EST on January 1, 2011 this Agreement shall be in full force and effect.

2. Regulatory Considerations

The Parties acknowledge that this Agreement shall be subject to any rule or order applicable to the Service Recipient made by the OEB pursuant to the Ontario Energy Board Act, S.O. 1998, c. 15, Sch. B., s. 44, including without limitation, the Code, as amended from time to time. The Service Provider agrees to do such things as are reasonably necessary to assist the Service Recipient in complying with these rules, including without limitation:

- (a) to comply promptly with all requests either made or authorized by the OEB for information with respect to:
 - (i) the Services; and
 - (ii) the cost to the Service Provider of providing the Services; and
- (b) to include equivalent provisions to those set out in this section in any contracts the Service Provider enters into with another of its affiliates for the purpose of providing any service, resource or product used in the provision of the Services.

3. Regulatory Cost Allocation Methodology

The Parties have developed a regulatory cost allocation methodology (“**RCAM**”), attached hereto as Schedule 1, that has been reviewed and approved by the OEB and may be amended from time to time. RCAM sets out the purpose, objectives, principles, and procedures underlying the identification and costing of the Services for the purpose of determining the amounts which the Service Recipient will request to be recovered in rates from time to time. Where a section of this Agreement is inconsistent with RCAM, RCAM shall prevail to the extent of the inconsistency.

4. Services and Allocation Bases

The Parties shall develop a schedule to describe each individual Service (“**Service Schedules**”), and the applicable quantity and quality indicators, to be provided in any given year. The Services may be comprised of one or more of the following components, as described in further detail in RCAM:

- a) **Primary Services:** defined as a service provided by the Service Provider to the Service Recipient either as the sole provider or as a

supplemental provider (where the Service Recipient performs a component of the required activities of the service). A list of the primary services and the bases of allocation attributable thereto, are set out in RCAM.

- b) **Support Services:** defined as a service provided by the Service Provider that is necessary to support a primary service to the Service Recipient. Support services are further classified as infrastructural, content, or resource support services, and are listed in RCAM with the applicable allocator.
- c) **General Expenses:** defined as a significant cost that benefits the Service Recipient, and requires allocation on a basis separate from a primary service because the driver of the cost is different, or because the cost is a large, third party cost. A list of the general expenses and the basis of allocation attributable thereto, are set out in RCAM.
- d) **Direct Charges:** defined as a general expense for services that can be externally priced and specifically attributed to the Service Recipient without loading. A list of the direct charges and the basis of allocation attributable thereto, are set out in RCAM.
- e) **Department Costs:** defined as all direct employee and employee-related costs, plus general expenses related to the department, that relate to the primary services and support services.
- f) **Return on Invested Capital:** defined as a charge for the Service Recipient's share of the weighted average cost of capital applied to the net book value of property, plant and equipment used to deliver the services. The return on invested capital shall be no higher than the Service Recipient's weighted average cost of capital as approved by the OEB from time to time.

5. Allocation Procedures

Cost allocations shall be made in accordance with the processes and procedures documented in RCAM, which describes how primary services are fully-burdened with department costs, direct charges, general expenses, support services (also fully burdened), and a return on invested capital before being allocated to the Service Provider.

The Service Provider, in consultation with the Service Recipient, shall set the RCAM cost allocations for the Services prior to December 31 each year, or as soon thereafter that the Parties can conclude the relevant budgeting and cost allocation processes, and in any event, prior to March 31 of the year to which the RCAM cost allocations are applicable. The Parties shall execute a confirmation notice ("**RCAM Confirmation Notice**") and Service Schedules to evidence the Parties' agreement to the RCAM cost allocations for that year, which shall be

incorporated into and form part of this Agreement. A copy of the pro forma RCAM Confirmation Notice is attached hereto as Schedule 2, and the executed RCAM Confirmation Notice shall become Schedule 2(a) for 2011, Schedule 2(b) for 2012, and so on.

The RCAM cost allocations shall not be amended within the year to which they apply, except in accordance with section 7 below.

In addition to the determination of the RCAM cost allocations, the Service Provider shall develop cost allocations applicable to the Service Recipient pursuant to an alternate corporate cost allocation methodology ("**CAM**") that is not approved by the OEB. The Service Provider shall determine and apply the CAM cost allocations in accordance with the CAM policies and procedures developed by the Service Provider from time to time.

6. Payment Procedures

The following sets forth the procedure applicable to payments related to Services delivered hereunder:

- a) The Service Provider shall prepare monthly recurring journal entries to one or more accounts of the Service Recipient based upon the CAM cost allocations and provide an annual CAM report to the Service Recipient at least thirty (30) days prior to the beginning of the calendar year to which the journal entries relate, or as soon thereafter as reasonably practicable, as a payment notice ("**Payment Notice**") to the Service Recipient.
- b) The Service Recipient shall notify the Service Provider immediately of any inaccuracy in each Payment Notice, and failing resolution, the Parties shall endeavor to resolve the dispute in accordance with the dispute resolution mechanism set out in section 15 below.
- c) The Service Recipient shall pay the amounts indicated in each Payment Notice on or before the end of each calendar quarter to which the Payment Notice relates, or if there is a dispute about the amount, within thirty (30) days of the date that an amount has been determined by the dispute resolution mechanism. The Service Provider shall apply any payments made hereunder to and in satisfaction of both the CAM and RCAM cost allocations owing.
- d) All amounts payable under this Agreement are expressed, and shall be paid, in Canadian dollars unless otherwise stated in the Payment Notices.
- e) In the event that the Minister of National Revenue for Canada or any other competent authority at any time proposes to issue or does issue any assessment or assessments that impose or would impose any

liability for tax of any nature or kind whatsoever on the Service Provider or the Service Recipient on the basis that the fair market value of any of the services is different than the amount charged by the Service Provider for the corresponding Services (the "**Services Charge**"), and in the event that the Parties agree that the fair market value of the services is different than the Services Charge, then upon such agreement the Services Charge that the Service Recipient is obligated to pay for the said services shall be varied by increasing or decreasing the amount of the Services Charge as the Service Recipient and the Service Provider may agree.

7. Service Agreement Review and Amendment Process

This Agreement and any related Service Schedules may be amended from time to time upon the approval in writing of the Parties. Version control and archival storage of all amendments shall be the responsibility of the Service Recipient.

8. Term and Termination

8.1 Subject to section 8.3 below, this Agreement shall be effective January 1, 2011, and terminate December 31, 2015 (the "**Term**").

8.2 Each Service Schedule shall have an initial term of one year commencing January 1, 2011 and be automatically renewed for subsequent periods of one year until the end of the Term, subject to any service adjustments agreed to by the Parties in accordance with this Agreement.

8.3 The Parties may terminate this Agreement by mutual consent, in writing, except that the Service Recipient shall have the right to terminate this Agreement immediately in the event that it ceases to be a direct or indirect wholly owned subsidiary of the Service Provider.

9. Indemnification

Each of the Parties (the "**Indemnifier**") shall indemnify and hold the other Party (the "**Indemnified Party**") harmless from and against any loss, damage, claim, liability, debt, obligation or expense (including reasonable legal fees and disbursements) incurred or suffered by the Indemnified Party caused by the Indemnifier, and relating in any way to this Agreement or the provision of the services, including any loss, damage, claim, liability, debt, obligation or expense resulting from or arising from or in connection with a negligent act or negligent omission of the Indemnifier.

10. Confidential Information and Personal Information

Each of the parties hereto agrees to keep all information provided by the other party (the "**disclosing party**") to it (the "**receiving party**") that the disclosing

party designates as confidential or which ought to be considered as confidential from its nature or from the circumstances surrounding its disclosure ("**Confidential Information**") confidential, and a receiving party shall not, without the prior consent of an authorized senior officer of the disclosing party, disclose any part of such Confidential Information which is not available in the public domain from public or published information or sources except:

- a) to those of its employees who require access to the Confidential Information in connection with performance of Services hereunder;
- b) as in the receiving party's judgement may be appropriate to be disclosed in connection with the provision by the receiving party of Services hereunder;
- c) as the receiving party may be required to disclose in connection with the preparation by the receiving party or any of its direct or indirect holding companies, affiliates or subsidiaries of reporting documents including, but not limited to, annual financial statements, annual reports and any filings or disclosure required by statute, regulation or order of a regulatory authority; and
- d) to such legal and accounting advisors, valuers and other experts as in the receiving party's judgement may be appropriate or necessary in order to permit the receiving party to rely on the services of such persons in carrying out the receiving party's duties under this Agreement.

The covenants and agreements of the parties relating to Confidential Information shall not apply to any information:

- a) which is lawfully in the receiving party's possession or the possession of its professional advisors or its personnel, as the case may be, at the time of disclosure and which was not acquired directly or indirectly from the disclosing party;
- b) which is at the time of disclosure in, or after disclosure falls into, the public domain through no fault of the receiving party or its personnel;
- c) which, subsequent to disclosure by the disclosing party, is received by the receiving party from a third party who, insofar as is known to the receiving party, is lawfully in possession of such information and not in breach of any contractual, legal or fiduciary obligation to the disclosing party and who has not required the receiving party to refrain from disclosing such information to others; or

- d) disclosure of which the receiving party reasonably deems necessary to comply with any legal or regulatory obligation which the receiving party believes in good faith it has.

If in the course of performing services, the receiving party obtains or accesses personal information about an individual, including without limitation, a customer, potential customer or employee or contractor of the disclosing party ("Personal Information") the receiving party agrees to treat such Personal Information in compliance with all applicable federal or provincial privacy or protection of personal information laws and to use such Personal Information only for purposes of providing the services. Furthermore, the receiving party acknowledges and agrees that it will:

- a) not otherwise copy, retain, use, modify, manipulate, disclose or make available any Personal Information, except as permitted by applicable law;
- b) establish or maintain in place appropriate policies and procedures to protect Personal Information from unauthorized collection, use or disclosure; and
- c) implement such policies and procedures thoroughly and effectively.

The Service Recipient shall be entitled periodically to conduct reviews of the procedures implemented by the Service Provider in relation to the obligations described in this Section 10.

Upon the termination of the provision of the services each party shall immediately return to the other party all Confidential Information and Personal Information provided by the disclosing party to the receiving party, and all copies thereof in its possession or control (other than such Confidential Information or Personal Information which continues to be used or relevant to the provision of the services), or destroy such information and copies and certify to the disclosing party that such destruction has been carried out.

11. Audit Rights

The Service Recipient shall have the right, at its own cost and by notice to the Service Provider at reasonable hours to examine and make copies of the books, records and charts of the Service Provider to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to any of the provisions of this Agreement and to comply with any government filing requirements. Such books, records and charts shall be preserved in accordance with the records retention policies of the Service Provider, provided the books, records or charts related to any matter disputed between the Parties or which is the subject of an outstanding application or proceeding before a government

body shall be preserved until such dispute is settled or such application or proceeding has been finally resolved, whichever is later. The Service Recipient's rights under this Section to view books, records and charts to make copies:

- (a) for internal purposes, shall subsist for a period of two (2) years from the end of the calendar year to which such books, records and charts relate, both during the term of this Agreement and for a period of two (2) years after expiration or termination of this Agreement, and
- (b) for the purposes of complying with the requirements of governmental bodies, including tax authorities, shall subsist for a period of seven (7) years from the end of the calendar year to which such books, records and charts relate, both during the term of the Agreement and for a period of two (2) years after expiration or termination of this Agreement.

If this Agreement has been terminated or has expired, the Service Provider's obligations to preserve such books, records and charts in accordance with its records retention policy shall continue. The Service Provider may fulfill such obligations by continuing to preserve such books, records, and charts or by delivering them to the Service Recipient.

12. Force Majeure

If either Party is rendered unable by force majeure to carry out its obligations under this Agreement, other than a Party's obligation to make payments to the other Party, that Party shall give the other Party prompt written notice of the event giving rise to force majeure with reasonably full particulars concerning it. Thereupon, the obligations of the Party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than the continuance of, the force majeure. The affected Party shall use all reasonable diligence to remove or remedy the force majeure situation as quickly as practicable.

13. Quantity and Quality of Service

Quantity and quality indicators are included in each Service Schedule appended to the applicable RCAM Confirmation Notice for the year in which the related service is provided. In accordance with section 14 below, the Parties shall review and update the Service Schedules and the RCAM in each year that services are being provided prior to signing the RCAM Confirmation Notice, to ensure quantity and quality indicators are accurately reflected.

The Service Provider shall perform the services in accordance with the Service Schedules, and shall use reasonable efforts to perform the services in accordance with any additional instructions received from the Service Recipient at any time during a year; provided, however, that the Service Provider shall not be required to incur any additional costs related to the request.

14. Performance Reviews

The Parties will conduct performance review meetings annually, at least four months prior to the end of each year in the Term, between personnel of the Service Recipient who receive the services, and personnel of the Service Provider who provide the services. The purpose of these meetings is to assess and report upon whether the services are being delivered in accordance with the Agreement. Any changes to the operating environments, to the extent that they impact, or could impact, service delivery in any way shall be identified, discussed and monitored.

Personnel conducting the performance review meetings shall provide formal written confirmation whether the services are being delivered in accordance with the Agreement (based on the services descriptions and the quality and quantity indicators in the Service Schedules), and a description of any negotiated changes to the services as a result of this review, to each of the Controller's Groups of the Service Provider and Service Recipient prior to October 1 in the year to which the performance review relates. The Parties shall include all negotiated changes in the updates made to the Service Schedules and the RCAM for the following year in which services are provided.

15. Dispute Resolution Process

In the event that the applicable managers of the Parties cannot resolve an issue related to the nature or performance of services, the amount or bases of the cost allocations, or the interpretation of the Agreement within ten (10) business days of the date that written notice of the disputed issue is received by the non-disputing Party from the disputing Party, then either Party may send a written notice of the dispute to the responsible executives to be escalated upward through the respective organizations of the Parties, to Director, Vice-President and/or President, for resolution within twenty-one (21) business days after the receipt by the applicable executive of the notice. If required, the President of the Service Recipient shall make a final determination. The Director of each of the Parties' Controller's Groups shall facilitate this dispute resolution process and ensure that any negotiated changes resulting from the performance review process be incorporated into the updates made to the Service Schedules and the RCAM for the following year in which the Services are provided.

Upon mutual agreement of the Parties, any dispute or issue of interpretation arising hereunder may be jointly referred for non-binding guidance or arbitration to an external facilitator with recognized expertise in the subject matter of the dispute or issue of interpretation.

16. General

The Service Recipient shall be responsible for and shall pay all applicable federal, provincial, municipal goods and services taxes arising from the provision of Services hereunder, including provincial sales tax if applicable.

A Party shall, from time to time, and at all times, do such further acts and execute and deliver all such further deeds and documents as shall be reasonably requested by the other Party in order to fully perform and carry out the terms of this Agreement.

Any notice, request, demand, direction or other communication required or permitted to be given or made under this Agreement to a Party shall be in writing and may be given by hand delivery to the Party to whom it is addressed or sent by facsimile or electronic mail to such party at its address noted below or at such other address of which notice may have been given by such Party in accordance with the provisions of this section.

Service Provider:	Enbridge Inc.
Address:	#3000, 425 – 1st St. S.W. Calgary, AB T2P 3L8
Attention:	Senior Vice President & Controller
Email:	john.whelen@enbridge.com
Facsimile:	403-231-3944

Service Recipient:	Enbridge Gas Distribution Inc.
Address:	500 Consumers Road North York, ON M2J 1P8
Attention:	Vice President, Finance
Email:	narin.kisinchandani@enbridge.com
Facsimile:	416-495-5998

Any such facsimile or electronic mail shall be deemed to have been received at the opening of business at the premises of such addressee on the first business day following the transmission of such notice.

This Agreement may be executed in counterparts, no one of which needs to be executed by both of the Parties. Each counterpart, including an electronic transmission of this Agreement, shall be deemed to be an original and shall have the same force and effect as an original. All counterparts together shall constitute one and the same instrument.

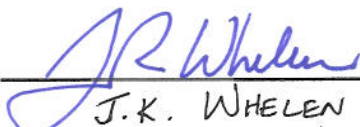
This Agreement will enure to the benefit of and be binding upon the Parties thereto and their respective successors. This Agreement may not be assigned by either of the Parties thereto without the prior written consent of the other.

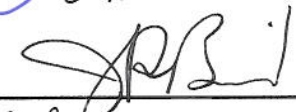
The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder", and similar expressions refer to this Agreement and not to any particular section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to articles and sections are to articles and sections of this Agreement. Words importing the singular number shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby. Each of the provisions of this Agreement is hereby declared to be separate and distinct.

This Agreement constitutes the whole and entire agreement between the Parties respecting the subject matter of the Agreement and supersedes any prior agreement, undertaking, declarations, commitments, representations, verbal or oral, in respect thereof.

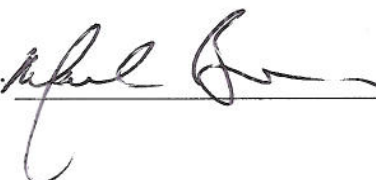
ENBRIDGE INC.

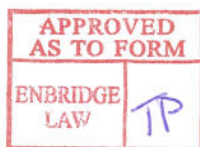
Per: 
J.K. WHELEN - SENIOR VP &
CONTROLLER

Per: 
J.R. BIRD - EXECUTING VP, CHIEF
FINANCIAL OFFICER & CORPORATE
DEVELOPMENT

ENBRIDGE GAS DISTRIBUTION INC.

Per:  **D. Guy Jarvis**
President

Per:  **Mark R. Boyce**
Vice President, Law &
Information Technology



REGULATORY COST ALLOCATION METHODOLOGY CONFIRMATION NOTICE

SERVICES TO BE PROVIDED DURING 2011 YEAR AND ASSOCIATED COSTS

We have discussed the nature and level of the services to be provided by Enbridge Inc. to Enbridge Gas Distribution Inc. (including Tecumseh Gas Storage) during the year 2011 pursuant to the Agreement, and agree that the services provided, as described in Appendix B hereto, and the costs to be charged as detailed in Appendix A hereto, are acceptable.

TOTAL COST \$26,667,504

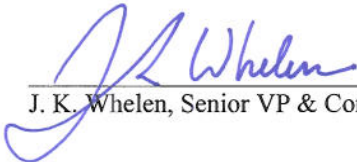
ENBRIDGE INC.



J.R. Bird, Executive VP, CFO & Corporate Development

February 16, 2012

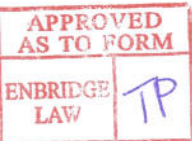
Date



J. K. Whelen, Senior VP & Controller

February 16, 2012

Date



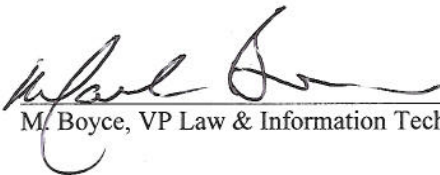
ENBRIDGE GAS DISTRIBUTION INC.



G. Jarvis, President

March 5, 2012

Date



M. Boyce, VP Law & Information Technology

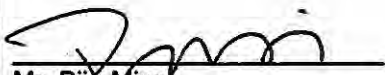
March 5, 2012

Date

12. Enterprise Infrastructure Management and Technical Support

Service Description					
Service Definition:	The Enterprise Infrastructure Management and Technical Support service includes all activities related to managing day-to-day operations of the technical computing infrastructure such as the wide area network.				
Services Identified by Department	<p><u>CIO Department</u> The Enterprise Infrastructure Management and Technical Support service includes all activities related to managing day-to-day operations of the technical computing infrastructure such as the wide area network. The CIO Department is responsible for oversight of all IT activities with a specific focus on ensuring activities are aligned with the overall strategic priorities.</p> <p>Examples of activities related to the provision of this service include:</p> <ul style="list-style-type: none"> • Set the annual strategic priorities for IT Infrastructure Management and Technical Support • Provide oversight to large, high risk or complex IT Infrastructure Management and Technical Support • Ensure appropriate governance for IT Infrastructure Management and Technical Support <p><u>IT Management Department</u> The Enterprise Infrastructure Management and Technical Support service includes all activities related to managing day-to-day operations of the technical computing infrastructure such as the wide area network. The IT Management Department is responsible for ensuring that the portfolio of day-to-day operations for Enterprise Systems and Infrastructure Shared Services is appropriately planned, administered and reported upon.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Lead the annual operational base budget development process • Develop processes and templates for the monthly project health and financial reporting cycles • Ensure all proper operational management methodologies are followed <p><u>IT Security Operations Department</u> The Enterprise Infrastructure Management and Technical Support service includes all activities related to managing day-to-day operations of the technical computing infrastructure such as the wide area network. The Security Operations Department supports this by deploying, operating, and maintaining security infrastructure solutions.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Deployment of new technical systems • Upgrading and patching technical systems • Troubleshooting operational issues • Decommissioning old systems • Configuration of technical systems in order to support business needs 				
Service Recipient:	Mr. Biju Misra Director Information Technology, Enbridge Gas Distribution				
Cost of Service					
	<table border="1"> <thead> <tr> <th>Department</th> <th>Service Charge</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Department	Service Charge		
Department	Service Charge				

Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
 between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

	CIO	\$0
	IT Management	\$0
	IT Security Operations	\$0
	Total	\$0
Expected Deliverables		
	<ul style="list-style-type: none"> • Implement and integrate enterprise information technology projects for the benefit of EGD • Align technology to EGD and short and long term operational needs • Provide status reports on enterprise Infrastructure technology projects • Expertise for individual projects and the development and ongoing maintenance of the PM methodology. 	
Quantity and Quality of Service		
	<ul style="list-style-type: none"> • Effective, low cost IT implementations • Delivered on time and budget with established requirements • Ensuring a robust PM methodology to increase the likelihood of project delivery on time, on budget and meeting quality specifications. • Ensuring projects follow a rigorous documentation process. • Update EGD Management with alternatives that could benefit ratepayers. • Ensuring enterprise projects that EGD benefits from are monitored appropriately and have the necessary controls and quality checks in place. 	
Authorized Signature		
	 <hr/> Mr. Bijoy Misra Director Information Technology Enbridge Gas Distribution	
	Date <u>Dec 14 / 2014</u>	

13. Enterprise Infrastructure Program and Project Management

Service Description	
Service Definition:	The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network.
Services Identified by Department	<p><u>CIO Department</u> The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network. The CIO Department is responsible for oversight of all IT activities with a specific focus on ensuring activities are aligned with the overall strategic priorities.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Set the annual strategic priorities for IT infrastructure program and project management • Provide oversight to the program and project management of large, high risk or complex initiatives • Ensure appropriate governance for IT infrastructure program and project management initiatives <p><u>IT Planning and Governance Department</u> The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network. The IT Planning and Governance Department is responsible for ensuring that effective financial, resource and project planning processes and tools exist and that they are used appropriately.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Development of program/project management policies and procedures for implementing and managing enterprise wide IT infrastructure • Research new alternatives to conducting business through different service approaches (i.e. IT outsourcing) • Monitoring ongoing IT infrastructure projects to maintain alignment with strategic and project objectives; including the provision of progress reports to senior management • Run post-project reviews on IT infrastructure projects to assess and learn from the process • Provide financial reporting on enterprise IT infrastructure project performance to help Enbridge Inc. and its affiliates understand the financial specifics for all enterprise projects. • Perform threat and risk assessment activities for all IT infrastructure projects to make sure security risks are identified, mitigated and appropriately managed. <p><u>IT Management Department</u> The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network. The IT Management Department is responsible for ensuring that the portfolio of program and project activities for Enterprise Systems and Infrastructure Shared Services is appropriately planned, administered and reported upon.</p>

Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
 between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

Examples of activities related to the provision of the service include:

- Lead the annual program and project budget development process
- Develop processes and templates for the monthly project health and financial reporting cycles
- Ensure all proper project management methodologies are followed

IT Security Operations Department

The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network. The Security Operations Department supports this by developing project plans, allocating resources, and coordinating the execution of IT Security Infrastructure projects.

Examples of activities related to the provision of the service include:

- Develop project plans
- Provide stakeholders with monthly project health updates, as well as project financial reporting
- Allocate and coordinate project resources to execute project plans

Service Recipient: Mr. Biju Misra, Director Information Technology, Enbridge Gas Distribution
Cost of Service

Department	Service Charge
CIO	\$86,548
IT Planning and Governance	\$0
IT Management	\$0
IT Security Operations	\$0
Total	\$86,548

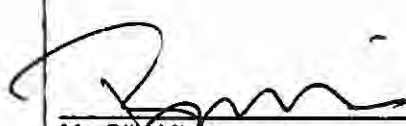
Expected Deliverables

- Implement and integrate enterprise information technology projects for the benefit of EGD
- Align technology to EGD and short and long term operational needs
- Provide status reports on enterprise Infrastructure technology projects
- Expertise for individual projects and the development and ongoing maintenance of the PM methodology.

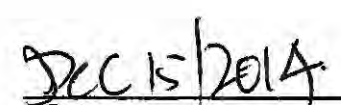
Quantity and Quality of Service

- Effective, low cost IT implementations
- Delivered on time and budget with established requirements
- Ensuring a robust PM methodology to increase the likelihood of project delivery on time, on budget and meeting quality specifications.
- Ensuring projects follow a rigorous documentation process.
- Update EGD Management with alternatives that could benefit ratepayers.
- Ensuring enterprise projects that EGD benefits from are monitored appropriately and have the necessary controls and quality checks in place.

Authorized Signature



 Mr. Biju Misra
 Director Information Technology
 Enbridge Gas Distribution



 Date

14. Enterprise System Management and Technical Support

Service Description	
Service Definition:	The Enterprise IT Strategy Planning and System Management and Technical Support service governs includes all activities related to managing day-to-day operations of the development of enterprise wide strategies, policies and standards for information technologies. systems such as Oracle Financial System.
Services Identified by Department	<p><u>CIO Department</u> The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The CIO Department is responsible for oversight of all IT activities with a specific focus on ensuring activities are aligned with the overall strategic priorities.</p> <p>Examples of activities related to the provision of this service include:</p> <ul style="list-style-type: none"> • Set the annual strategic priorities for IT System Management and Technical Support • Provide oversight to large, high risk or complex System Management and Technical Support • Ensure appropriate governance for IT System Management and Technical Support <p><u>Corporate Human Resources Department</u> The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The Corporate Human Resources Department supports this service by providing HR user expertise and developing the required HR processes and controls.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Work with affiliates to determine immediate and long-term HRIS and other HR technology requirements. • Keep appraised of HRIS service offerings in the HRIS marketplace in North America. • Keep appraised of PeopleSoft offerings. • Work with affiliates to match requirements and available services. • Provide expertise required to support the development of business cases for the modifying, expanding or acquiring of new HRIS and other HR technology functionality. • Work with IT HRIS development and business unit human resource staff to plan, execute and implement modifications, expansions or new HRIS and other HR technology functionality. • Work with affiliate human resource staff to train users. • Work with affiliate human resource staff to ensure maximum benefit is realized from HRIS investments. • Conduct research on additional HRIS modules and other related matters for the purpose of improving support of business operational and strategic objectives • Develop business case, project charter, project plan and other required project documentation; including securing project approval • Organize and coordinate non-IT team resources (both internal and external resources) • Develop business process and non-IT related training materials and

Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

provide training to Enbridge Inc. and its affiliates

- Advise on change management issues and communication plans
- Provide resources to other enterprise projects
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation
 - Augment, add, or remove reporting requirements

HR Enterprise Business Solutions Department

The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The HR Enterprise Business Solutions Department supports this service by conducting initial business requirements gathering, functional design, data reporting, technical education and post go-live support, providing HR user the functional expertise to developing the required HR processes and controls.

Examples of activities related to the provision of the service include:

- Work with affiliates to determine immediate and long-term IT HRIS requirements, and how it ties back to the HR Strategy
- Keep apprised of IT HRIS service offerings in the IT HRIS marketplace in North America (including PeopleSoft)
- Work with affiliates to match business requirements and available services.
- Provide expertise required to support the development of business cases for the modifying, expanding or acquiring of new IT HRIS functionality.
- Work with IT HRIS development and business unit human resource staff to plan, execute and implement modifications, expansions or new IT HRIS functionality.
- Design training materials and work with affiliate human resource staff to train users.
- Work with affiliate human resource staff to ensure maximum benefit is realized from IT HRIS investments.
- Conduct research on additional IT HRIS modules and other related matters for the purpose of improving support of business operational and strategic objectives
- Work with stakeholders to identify required enhancements or changes to existing systems.
- Develop testing plans for any new addition to technology
- Maintain set-up tables to ensure that data is stored appropriately to deliver data to make decisions
- Provide resources to other enterprise projects
- Support & Maintenance
 - Functional trouble shooting
 - User support
 - Provide user (incl. super user / power user) training materials & communication
 - Change management
 - Ad-hoc and on-going reporting requests
 - Business requirements gathering for new functionality and enhancements to existing technology

IT Compliance Systems Department

The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The Compliance Systems supports the overall audit, IT security,

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between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

and health & safety requirements of the business. The IT Compliance Systems Department performs all activities related to managing the day-to-day operations of the Compliance Management systems, including its ongoing enhancements.

Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of IT Compliance Systems applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT Carbon Data Management (CDM) Systems Department

The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The CDM systems support the overall emissions, environmental compliance and operational incident reporting requirements of the business. The IT CDM Systems Department performs all activities related to managing the day-to-day operations of the CDM systems, including its ongoing enhancements.

Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of IT CDM applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management

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- o Negotiate, monitor and manage vendor contract
- o Negotiate, monitor and manage IT outsourcing relationships
- o Research and monitor emerging technologies

IT Enterprise Financial Systems (EFS) Department

The Enterprise System Management and Technical Support service includes all activities related to managing day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The IT EFS supports the overall financial management requirements of the business by providing systems, tools, and technical support. The IT EFS Department performs all activities related to managing the day-to-day operations of the EFS applications, its ongoing enhancements.

Examples of activities related to the provision of this service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of EFS applications
- Support & Maintenance
 - o System administration
 - o User support, maintenance & security
 - o User (incl. super user / power user) training & communication
 - o Change management
- Reporting & Analysis
 - o Provision of standard reports
 - o Ad hoc report generation / queries
 - o Augment, add, or remove reporting requirements
- Technical Support
 - o Interface management
 - o System configurations, customization or enhancements
 - o Release management
 - o Master-file maintenance
 - o Manage development life cycle
 - o Monitor system performance
- Vendor Management
 - o Negotiate, monitor and manage vendor contract
 - o Negotiate, monitor and manage IT outsourcing relationships
 - o Research and monitor emerging technologies

IT Enterprise Content Management (ECM) Department

The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The IT ECM Department performs all activities related to managing the day-to-day operations of the ECM systems, including its ongoing enhancements. The systems portfolio that supports the Records and Information Management service includes Livelink, EnCase and Matter Compass (the Portfolio).

Examples of activities related to the provision of this service include:

- In partnership with technology users, develop and maintain folder structure following guiding principles as set by ECM and Records Management
- Administer the records management module of Livelink
- Maintain records retention schedule links to folder structure
- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of IT ECM applications
- Support & Maintenance

Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

- System administration
- User support, maintenance & security
- User training & communication
- Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT HRIS Department

The Enterprise System Management and Technical Support service includes all activities related to managing day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The IT HRIS Systems Department performs all activities related to managing the day-to-day operations of the Human Resources systems, including its ongoing enhancements.

Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of HRIS applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
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 - Interface management
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 - Release management
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 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT Identity and Access Management (IAM) Systems Department

The Enterprise System Management and Technical Support service includes all activities related to managing day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The IT IAM Systems Department performs all activities related to managing the day-to-day operations of IAM systems, including its ongoing

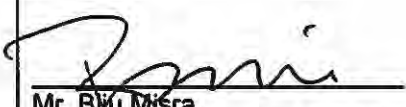
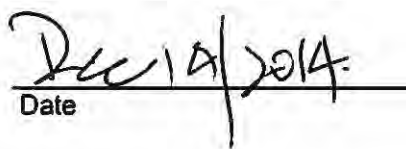
Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

	<p>enhancements.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none">• Manage client relationships and communications• Lead the strategic planning process in relation to efficiency and effectiveness of IAM applications• Support & Maintenance<ul style="list-style-type: none">○ System administration○ User support, maintenance & security○ User training & communication○ Change management• Reporting & Analysis<ul style="list-style-type: none">○ Provision of standard reports○ Ad hoc report generation / queries○ Augment, add, or remove reporting requirements• Technical Support<ul style="list-style-type: none">○ Interface management○ System configurations, customization or enhancements○ Release management○ Manage development life cycle○ Monitor system performance• Vendor Management<ul style="list-style-type: none">○ Negotiate, monitor and manage vendor contract○ Negotiate, monitor and manage IT outsourcing relationships○ Research and monitor emerging technologies <p><u>IT Marketing and Risk Management (MRM) Systems Department</u></p> <p>The Enterprise System Management and Technical Support service includes all activities related to managing day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The IT MRM Systems support the overall commodity and financial risk management requirements of the business by providing system management and technical support. Department performs all activities related to managing the day-to-day operations of the MRM systems, including its ongoing enhancements.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none">• Manage client relationships and communications• Lead the strategic planning process in relation to efficiency and effectiveness of MRM applications• Support & Maintenance<ul style="list-style-type: none">○ System administration○ User support, maintenance & security○ User training & communication○ Change management• Reporting & Analysis<ul style="list-style-type: none">○ Provision of standard reports○ Ad hoc report generation / queries○ Augment, add, or remove reporting requirements• Technical Support<ul style="list-style-type: none">○ Interface management○ System configurations, customization or enhancements○ Release management○ Manage development life cycle○ Monitor system performance• Vendor Management<ul style="list-style-type: none">○ Negotiate, monitor and manage vendor contract○ Negotiate, monitor and manage IT outsourcing relationships
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Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
 between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

	<ul style="list-style-type: none"> o Research and monitor emerging technologies <p><u>IT Public Web Systems Department</u> The Enterprise System Management and Technical Support service includes all activities related to managing day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The IT Public Web Systems Department performs all activities related to managing the day-to-day operations of the Public Web systems, including its ongoing enhancements.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Manage client relationships and communications • Lead the strategic planning process in relation to efficiency and effectiveness of Public Web applications • Support & Maintenance <ul style="list-style-type: none"> o System administration o User support, maintenance & security o User training & communication o Change management • Reporting & Analysis <ul style="list-style-type: none"> o Provision of standard reports o Ad hoc report generation / queries o Augment, add, or remove reporting requirements • Technical Support <ul style="list-style-type: none"> o Interface management o System configurations, customization or enhancements o Release management o Manage development life cycle o Monitor system performance • Vendor Management <ul style="list-style-type: none"> o Negotiate, monitor and manage vendor contract o Negotiate, monitor and manage IT outsourcing relationships o Research and monitor emerging technologies <p><u>IT Security Operations Department</u> The Enterprise System Management and Technical Support service includes all activities related to managing the day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft HCM and Livelink Records Management). The Security Operations Department supports this by providing guidance to the Identity and Access Management activities, as well as providing remote access, security monitoring, and security architecture/disaster recovery services.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Configuring remote access • Providing security architecture guidance • Developing disaster recovery plans • Monitoring enterprise systems for security breaches • Securing access to enterprise systems 				
<p>Service Recipient:</p>	<p>Mr. Biju Misra, Director Information Technology, Enbridge Gas Distribution</p>				
<p>Cost of Service</p>	<table border="1"> <thead> <tr> <th data-bbox="505 1801 992 1864">Department</th> <th data-bbox="992 1801 1503 1864">Service Charge</th> </tr> </thead> <tbody> <tr> <td data-bbox="505 1864 992 1900">CIO</td> <td data-bbox="992 1864 1503 1900">\$114,542</td> </tr> </tbody> </table>	Department	Service Charge	CIO	\$114,542
Department	Service Charge				
CIO	\$114,542				

Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice
 between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

	Corporate Human Resources	\$265,172
	HR Enterprise Business Solutions	\$652,018
	IT Compliance Systems	\$0
	IT Carbon Data Management (CDM)	\$0
	IT Enterprise Financial Systems (EFS)	\$427,212
	IT Enterprise Content Management (ECM)	\$1,799,369
	IT HRIS	\$1,410,446
	IT Identity and Access Management (IAM)	\$162,259
	IT Marketing and Risk Management (MRM)	\$55,047
	IT Public Web Systems	\$16,239
	IT Security Operations	\$0
	Total	\$4,902,304
Expected Deliverables		
	<ul style="list-style-type: none"> • Implement and integrate enterprise information technology projects for the benefit of EGD • Align technology to EGD and short and long term operational needs • Provide status reports on enterprise Infrastructure technology projects • Expertise for individual projects and the development and ongoing maintenance of the PM methodology. 	
Quantity and Quality of Service		
	<ul style="list-style-type: none"> • Effective, low cost IT implementations • Delivered on time and budget with established requirements • Ensuring a robust PM methodology to increase the likelihood of project delivery on time, on budget and meeting quality specifications. • Ensuring projects follow a rigorous documentation process. • Update EGD Management with alternatives that could benefit ratepayers. • Ensuring enterprise projects that EGD benefits from are monitored appropriately and have the necessary controls and quality checks in place. 	
Authorized Signature		
	 <hr/> Mr. Biju Misra Director Information Technology Enbridge Gas Distribution	 <hr/> Date

Appendix "B" to the Regulatory Cost Allocation Methodology Confirmation Notice between Enbridge Inc. and Enbridge Gas Distribution Inc., for the year 2014

15. Enterprise System Program and Project Management

Service Description	
Service Definition:	The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide.
Services Identified by Department	<p><u>CIO Department</u> The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The CIO Department is responsible for oversight of all IT activities with a specific focus on ensuring activities are aligned with the overall strategic priorities.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Set the annual strategic priorities for IT System Program and Project Management • Provide System Program and Project Management oversight to large, high risk or complex initiatives • Ensure appropriate governance for IT System Program and Project Management <p><u>IT Compliance Systems Department</u> The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The Compliance Systems supports the overall audit, IT security, and health & safety requirements of the business. The IT Compliance Systems Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of the Compliance Management systems, including its ongoing enhancements.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Manage client relationships and communications • Lead the strategic planning process in relation to efficiency and effectiveness of IT Compliance Systems applications • Support & Maintenance <ul style="list-style-type: none"> ○ System administration ○ User support, maintenance & security ○ User training & communication ○ Change management • Reporting & Analysis <ul style="list-style-type: none"> ○ Provision of standard reports ○ Ad hoc report generation / queries ○ Augment, add, or remove reporting requirements • Technical Support <ul style="list-style-type: none"> ○ Interface management ○ System configurations, customization or enhancements ○ Release management ○ Manage development life cycle ○ Monitor system performance • Vendor Management <ul style="list-style-type: none"> ○ Negotiate, monitor and manage vendor contract ○ Negotiate, monitor and manage IT outsourcing relationships ○ Research and monitor emerging technologies

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IT Carbon Data Management (CDM) Systems Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The CDM systems support the overall emissions, environmental compliance and operational incident reporting requirements of the business. The IT CDM Systems Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of the CDM systems, including its ongoing enhancements.

Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of IT Compliance Systems applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT Enterprise Financial Systems (EFS) Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT EFS supports the overall financial management requirements of the business by providing project management support. The IT EFS Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of EFS, including its ongoing enhancements.

Examples of activities related to the provision of this service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of EFS applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User (incl. super user / power user) training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements

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- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Master-file maintenance
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT Enterprise Content Management (ECM) Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT ECM Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of the ECM systems, including its ongoing enhancements. The systems portfolio includes Livelink, EnCase and Matter Compass (the Portfolio).

Examples of activities related to the provision of this service include:

- In partnership with technology users, develop and maintain folder structure following guiding principles as set by ECM and Records Management
- Administer the records management module of Livelink
- Maintain records retention schedule links to folder structure
- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of IT ECM applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT HRIS Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT HRIS Systems Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of the Human Resources systems, including its ongoing enhancements.

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Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of HRIS applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
 - Negotiate, monitor and manage IT outsourcing relationships
 - Research and monitor emerging technologies

IT Identity and Access Management (IAM) Systems Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT IAM Systems Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of the IAM systems, including its ongoing enhancements.

Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of IAM applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
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 - Research and monitor emerging technologies

IT Marketing and Risk Management (MRM) Systems Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT MRM Systems support the overall commodity and financial risk management requirements of the business by providing project management support. The IT MRM Systems Department performs all activities related to managing and delivering programs and projects required for the day-to-day operations of the MRM systems, including its enhancements.

Examples of activities related to the provision of the service include:

- Manage client relationships and communications
- Lead the strategic planning process in relation to efficiency and effectiveness of MRM applications
- Support & Maintenance
 - System administration
 - User support, maintenance & security
 - User training & communication
 - Change management
- Reporting & Analysis
 - Provision of standard reports
 - Ad hoc report generation / queries
 - Augment, add, or remove reporting requirements
- Technical Support
 - Interface management
 - System configurations, customization or enhancements
 - Release management
 - Manage development life cycle
 - Monitor system performance
- Vendor Management
 - Negotiate, monitor and manage vendor contract
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 - Research and monitor emerging technologies

IT Planning and Governance Department

The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT Planning and Governance Department is responsible for ensuring that effective financial, resource and project planning processes and tools exist and that they are used appropriately.

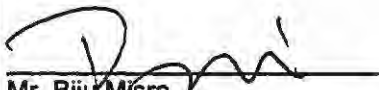
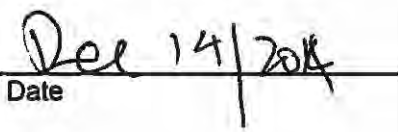
Examples of activities related to the provision of the service include:

- Development of program/project management policies and procedures for implementing and managing enterprise wide IT systems
- Research new alternatives to conducting business through different service approaches (i.e. IT outsourcing)
- Monitoring ongoing system projects to maintain alignment with strategic and project objectives; including the provision of progress reports to senior management
- Run post-project reviews on IT system projects to assess and learn from the process
- Provide financial reporting on IT system project performance to help Enbridge Inc. and its affiliates understand the financial specifics for all enterprise projects.
- Perform threat and risk assessment activities for all IT system projects to

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	<p>make sure security risks are identified, mitigate and appropriately managed.</p> <p><u>IT Public Web Systems Department</u></p> <p>The Enterprise System Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the services provided by the systems that are used enterprise-wide. The IT Public Web Systems Department performs all activities related to managing and delivering of programs and projects required for the day-to-day operations of the Public Web systems, including its ongoing enhancements.</p> <p>Examples of activities related to the provision of the service include:</p> <ul style="list-style-type: none"> • Manage client relationships and communications • Lead the strategic planning process in relation to efficiency and effectiveness of Public Web applications • Support & Maintenance <ul style="list-style-type: none"> ○ System administration ○ User support, maintenance & security ○ User training & communication ○ Change management • Reporting & Analysis <ul style="list-style-type: none"> ○ Provision of standard reports ○ Ad hoc report generation / queries ○ Augment, add, or remove reporting requirements • Technical Support <ul style="list-style-type: none"> ○ Interface management ○ System configurations, customization or enhancements ○ Release management ○ Manage development life cycle ○ Monitor system performance • Vendor Management <ul style="list-style-type: none"> ○ Negotiate, monitor and manage vendor contract ○ Negotiate, monitor and manage IT outsourcing relationships ○ Research and monitor emerging technologies 																								
Service Recipient:	Mr. Biju Misra, Director Information Technology, Enbridge Gas Distribution																								
Cost of Service																									
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Authorized Signature	
	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;">  <hr style="width: 100%;"/> <p>Mr. Biju Misra Director Information Technology Enbridge Gas Distribution</p> </div> <div style="text-align: center;">  <hr style="width: 100%;"/> <p>Date</p> </div> </div>



Regulatory Cost Allocation Methodology

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1 PURPOSE

The Regulatory Cost Allocation Methodology ("RCAM") has been developed to determine the allocation of costs from Enbridge Inc. ("EI") to Enbridge Gas Distribution Inc. ("EGD"). The outputs of RCAM are intended to be an input to the rate filings submitted to the Ontario Energy Board ("OEB"). The methodology has been developed by application of sound costing principles and regulatory precedents and has specifically been aligned with the Affiliate Relationship Code for Gas Utilities, originally issued on July 31, 1999 and as amended from time to time (the "ARC").

This RCAM, however, does not replace the existing Corporate Cost Allocation Methodology ("CAM") which will still be used by EI to transfer costs to all its affiliates, including EGD, for internal management and performance measurement purposes.

1.1 About Enbridge

EI is a leader in energy transportation and distribution in North America and internationally. EI operates the world's longest crude oil and liquids transportation pipeline and Canada's largest gas distribution company. EI also operates natural gas transmission pipelines and midstream businesses in the United States and invests in international energy projects. EI's activities are comprised of regulated and non-regulated businesses. The transportation and distribution activities are regulated by the National Energy Board, the OEB, the Federal Energy Regulatory Commission and various provincial and state regulators.

1.2 Need for a Corporate Cost Allocation Methodology

EI's perspective is that an "integrated" operating model reflects the fact that the corporate office is effectively managed as an integral extension of the decision making and operating activities of its business units and affiliates (for the benefit of the business units and affiliates), rather than as a passive "Holding Company" which merely manages a portfolio of investments (for the benefit of the Holding Company shareholders). The impact of this operating model will result in a decreased overall cost of each respective affiliate's operating and maintenance expenses due primarily to the potential for economies of scale. As various functions shift from an affiliate to the Corporate Shared Service Centre the associated cost will be expected to decrease. The resulting corporate cost allocations back to the affiliate would be offset by this reduction in their own incurred costs. For management purposes, these operating costs and benefits need to be tracked.

1.3 Need for a Regulatory Corporate Cost Allocation Methodology

EI recognizes that the objectives of a cost allocation methodology established for internal management and performance measurement purposes may differ from the objectives of a cost allocation methodology established to meet the needs of a regulator, mandated to protect the interests of various rate paying groups.

In recognition of the needs of the regulator, EI has developed the RCAM with the objective of meeting the regulatory requirements of the OEB (as set out in ARC, OEB decisions, and as reflected in industry).

2 **DESIGN OBJECTIVES AND PRINCIPLES**

The objective of the RCAM is to establish, in the context of Ontario regulation and OEB precedents, the appropriate charges to be allocated for services delivered by EI to EGD in a given fiscal period. These charges are intended to be included in EGD's rate filings.

The methodology will be service based, focused on the needs of EGD and its usage of the services, understandable and transparent, rigorous and practical to administer and supported by verifiable data and records wherever practicable.

2.1 **Regulatory Design Principles**

Regulators must review and set rates in accordance with their empowering legislation. However, the legislation seldom contains specific guidance on how to set rates. As a result, regulators frequently refer to established regulatory principles to guide their judgment. These key principles include:

- just and reasonable,
- cost of service; and
- prudence.

Just and Reasonable

The primary regulatory principle, and the one most likely to be incorporated into regulatory legislation, is that rates should be "just and reasonable". "Just and reasonable" applies to both customers and regulated entities. It requires a weighting of the legitimate interests of both parties.

Cost of Service

Under this principle, a regulated entity is permitted to set rates that allow it the opportunity to recover its costs for regulated operations, including a fair rate of return on its investment devoted to regulated operations – no more, no less.

This principle is consistent with what is expected to occur in a competitive market, where the price of services tend towards the cost of providing them, including a fair return- a principle that has been recognized by the OEB:

The Board notes that the general role of the regulator is to act as a proxy for competition. In pricing services in a competitive market the relevant costs would be the costs incurred by the service provider in providing the service, plus an appropriate return in order to attract the capital necessary to provide the service.¹

It is important to note that this standard only gives the entity the opportunity to earn a fair return; it does not guarantee it. In most cases, rates are set prospectively, based on anticipated future costs. If the entity over-recovers, it usually keeps the excess. If it under-recovers, it bears the deficiency.

The 'cost of service' principle reflects the need for fairness and the necessity to offer adequate incentives for providing regulated services. That is:

¹ OEB; RP-2001-0032; Enbridge Consumers Gas Distribution Inc.; December 13, 2002; Sec. 5.11.49.

- an entity's investors should have the opportunity to recover their costs, including a fair return, just as they would if they were to invest in a non-regulated entity of similar risk. However, customers should not have to provide investors with the opportunity to earn more than they could expect from investing in non-regulated operations.
- from an incentive viewpoint, unless investors have a reasonable opportunity to recover their costs, it will be difficult to attract the investment necessary to provide regulated operations. However, the opportunity to recover costs, including a fair return, should provide an adequate incentive to attract those funds.

Prudence

The prudence standard modifies the "cost of service" standard. Under this standard, customers should be charged only for prudently incurred costs. This recognizes a regulated entity's responsibility to manage itself in a prudent manner and provide regulated services at the most efficient cost.

Prudence is established by determining what a reasonable person would have done in a similar situation. This should not be done while making use of hindsight. A regulated entity's management can be expected to rely only on information reasonably available to it when it makes its decision.

Normally, there is a presumption of management prudence. However, the OEB has stated that this presumption will not apply to transactions between affiliates:

... when transactions occur between or among affiliates, the Board will not presume prudence and the onus is on the utility to establish, to the satisfaction of the Board, that the transaction is prudent and that the corresponding costs to the utility associated with the transactions are fair.²

This reflects the potential conflict of interest with such transactions. As a result, regulated utilities must provide adequate support for their intercorporate charges.

In this regard, the OEB has identified what it has referred to as the "three prong test" for Corporate cost allocations, whereby a utility must demonstrate that the charges meet three tests:

- Cost Incurrence - are the proposed charges prudently incurred by, or on behalf of, the utility for the provision of a service required by Ontario ratepayers – i.e., would the utility have incurred the cost if it were operating as a stand-alone utility?;
- Cost allocation - if properly incurred, are the proposed charges allocated appropriately to the utility, based on the application of cost allocation factors and supported by principles of cost causality?; and
- Cost/Benefit - do the benefits to the utility's Ontario ratepayers equal or exceed the costs?

In meeting the third test – Cost/Benefit – the OEB has stated that it would accept four categories of support as a basis for assessing quantifiable benefits:

- Replacement benefits- the services provided replace an equivalent service at equal or lower cost,

² OEB; RP-2001-0032; Enbridge Consumers Gas Distribution Inc.; December 13, 2001; Sec. 5.11.30.

- Synergistic or linkage benefits - the services allow the utility to reduce costs by means of being part of a larger organization and operating in concert for the procurement of products and services,
- Revenue enhancement or cost recovery benefits - the utility's activities and capabilities provide value to other affiliates for which payment in cash or kind is received; and
- Stand-alone benefits- strategic actions and activities instituted by affiliates that produce direct value to the utility.

2.2 Budget-Based Allocations

As EGD's rates are ultimately based upon a cost of service or rebasing proceeding which uses forward year cost estimates, it is appropriate to similarly use EI's estimated costs, namely its Budget, for the RCAM.

. At EI, the budget process is rigorous and the budget is the primary tool managers use for cost control (i.e., the budget process is primarily used to control costs and not the allocation process).

Enbridge budgets costs in three categories based on the notion of grouping cost types:

Department Costs: specific employee and service related costs

General Costs: costs that support several or all business units, but do not relate to one specific affiliate

Direct Costs: costs specifically identifiable to an affiliate

2.3 Regulatory Driven Design Features

Based on regulatory principles and precedents, four key design principles were included in the RCAM design.

- Services Based Approach
- Multi-Step Allocation Process
- Service Description Transparency
- Demand Pull by Recipients

2.3.1 Service Based Approach

The core design principle for the RCAM is the adoption of a service based approach for allocation as required by the OEB and the ARC. The OEB's application of the three-prong test is designed to be applied to service based allocations:

- A utility must demonstrate that all the services associated with the corporate cost allocations are necessary, not just some of the services from a department that charges to the utility or even the majority of the services from a department.
- Where a department supports more than one service and each service has a different causal relationship to affiliates, the services must be broken out so that the most appropriate allocation can be developed for each service provided by that department.
- Cost benefit will be evaluated (wherever possible) by individual service, which requirement is to be discretely defended.

The implication is that each service is fully-burdened with all the costs incurred in delivery. The services costs will therefore include allocations from all applicable department, general and direct budgets. In addition, in some cases certain services may also provide infrastructural or content support to the delivery of other services.

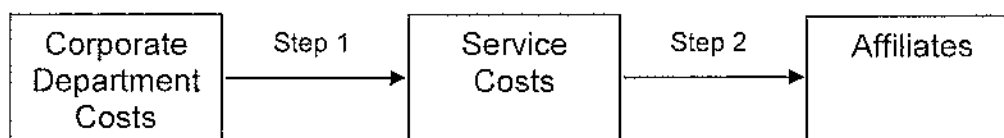
2.3.2 Multi-Step Allocation Process

Using a (fully burdened) service based costing approach also implies that a multi-step allocation process is required. The costs are budgeted at the department level and allocated to each service provided prior to allocation of the fully burdened service cost to the affiliate using the services. Described in its simplest form, the RCAM utilizes a two (composite) step costing approach (See Section 3 for details).

Step 1: At EI, as at most organizations, costs are collected and budgeted in cost centers or departments. Each department offers one or more services. The pool of departmental costs must firstly be allocated to the services provided by the department.

Step 2: Once the services of the department have been costed, a proportion of the cost that represents the actual usage by the affiliate is then allocated to that affiliate.

Figure 1: Two (composite *) Step Allocation Process



* In reality there are a number of sub-steps or sub-allocations that occur. In addition there are a small number of budgeted General Expenses and Direct Charges that are allocated directly as a single step to affiliates.

2.3.3 Service Description Transparency

To enable evaluation of the cost incurrence test, the services provided to the regulated entity must be transparent, both from the recipient, and the provider perspective.

From a recipient perspective, each service must be described in a way that it reflects sub components and the activities involved so that the recipient can evaluate the extent to which the full service is needed.

From a provider perspective, the service must be described in such a way that it is recognizable by every employee delivering the service so that they can assess the relative effort expended and nature of the cost consumed by the service, which will ensure the service can be appropriately costed and will reflect what the provider delivers.

The services provided, and associated expenses (e.g., General Expenses and Direct Charges) and quantity and quality indicators, for any given year are described in detailed Service Schedules appended to the RCAM Confirmation Notice (Schedule 2 to the Agreement), to be signed by both the service provider and service recipient each year.

2.3.4 Demand Pull by Recipients

The RCAM will employ a "demand / pull" approach for allocating service costs. Specifically, the service recipient will pay for only those services required as if it was a stand-alone entity calling for services from an external "arms length" service provider. While both the service recipient and the provider may jointly define the exact nature of those services, ultimately, the recipient will be responsible to confirm the need for the service(s). Through the annual performance review process, the service recipient will confirm that the services being provided meet the service recipient's requirements, and will ensure that changes are made to those services, if necessary.



2.4 Bases of Allocation

As a general principle, one is seeking to associate and attribute costs (direct and indirect costs) specifically with individual cost objects (in this case, departments, services or affiliates) on the basis of causality.

In reality however, there will be pools of indirect costs that cannot be associated specifically with each one of the cost objects in a group of cost objects. These pools of indirect costs are called "common" costs. In such cases, an allocator that most closely reflects causality must be used.

Allocator definitions for the allocators used in RCAM are included in Appendix A: RCAM Allocator Definitions.

In general, the allocators are selected to reflect:

- the nature of the specific department, service or expense being allocated; and
- the primary drivers of the associated costs.

Primary Cost Drivers

Effort:

Where costs (direct or indirect) have their causal root in effort and can be attributed specifically to each cost object (i.e. departments, service or affiliate) on the basis of time, this allocator (time) will be used, if available.

A quarterly, backward-looking, time study will be used to establish the relative effort expended by EI resources on services provided to EGD and all other affiliates, including EI departments. The time study process will be conducted in a manner consistent with what regulators in earlier regulatory decisions (e.g. Union Gas, TransCanada) have accepted regarding the use of time studies for establishing effort and allocating costs.

In general terms, the time study will be conducted at a detailed level and input sought from each EI staff member within the departments that deliver services to EGD.

For each participating EI department, time estimates are subjected to salary weightings to ensure that departmental costs are appropriately distributed to services and affiliates. Salary weightings are calculated both for the initial allocation to services, as well as for the secondary allocation to affiliates for each service.

The time study will provide an accounting of total time spent by departments on the delivery of services (100 % of staffs' time), as well the proportion of time spent by service on EGD and other affiliates, where identifiable (100% of each staff person's time on a service provided to affiliates). Estimates of the time spent by service will be captured in seven buckets;

- EGD specific;
- EI specific;
- Liquids Pipelines and Major Projects specific;
- Gas Pipelines and Other Distribution specific;
- Sponsored Investments specific;
- International specific; and

- Common time

Usage:

This allocator will be used where costs (direct and indirect) have their causal root in usage and can be attributed specifically to each cost object, on the basis of such usage. The most appropriate allocators include volume metrics such as system users, distance, trips, etc.

Primary Cost Drivers for Common Costs

Where, however, indirect costs cannot be specifically attributed to specific cost objects (which nevertheless provide benefit), the costs may be regarded as "common".

Complexity and Size:

Where these costs have their causal root in effort or usage (and neither specific time nor specific volume metrics can be associated and attributed), allocators will be sought that reflect

- relative complexity of the recipient to be used as a proxy for the likely effort (and hence time) required to service a cost object; or
- relative size of the recipient to be used as a proxy of the likely usage of service (or the likely complexity and hence effort) required to service a cost object.

When indirect costs cannot be attributed to specific cost objects on the basis of time or volume metrics, a relatively small group of allocators will be used. These include derivations of:

- Head Count
- Salaries
- Capital Employed

Relative Benefit:

Where drivers that clearly link to causality are not identifiable, the cost allocators used will be selected to reflect the relative benefit being received by the cost objects in question. The costs incurred were allocated to reflect the benefit experienced by a group of recipients relative to each other.

This is not in conflict with a "cost plus" basis of allocation versus a "market based pricing" mechanism because market based pricing is exactly that; a pricing mechanism, while cost plus is an "apportionment of cost" mechanism.

Stand Alone Principle:

In all cases there will be an underlying intention to allocate costs that are both needed by the recipient (incurrence test) and benefit the recipient (cost benefit test). The costs allocated for the benefit of the service will therefore be equal to or lower than the amount EGD would pay as a stand alone entity for a similar service from an external arms length provider.

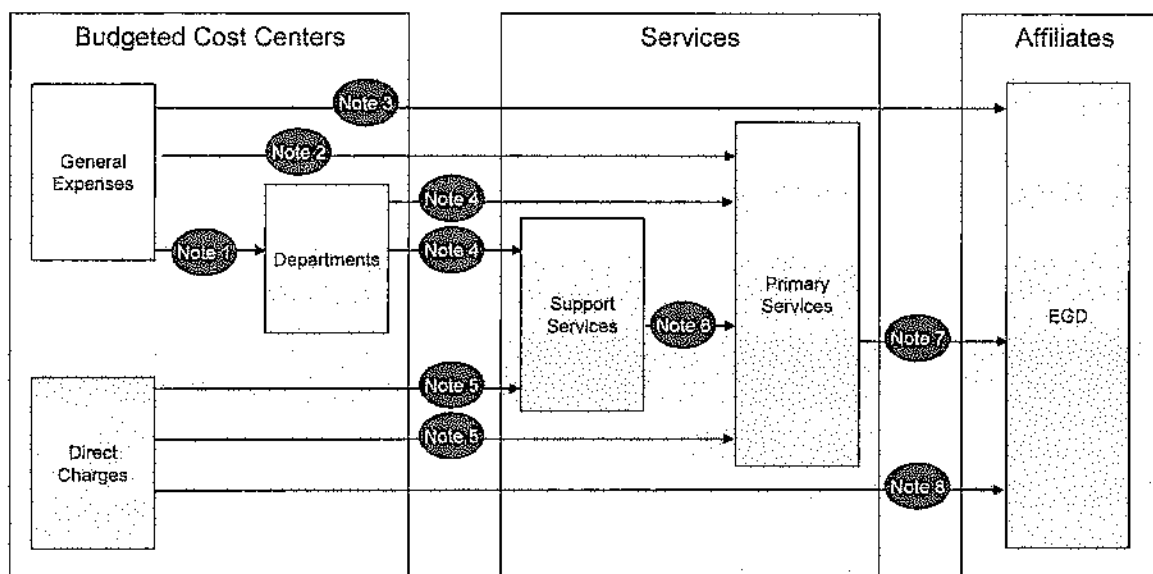
2.5 Currency Usage for Allocations and Direct Charges

Allocations and direct charges will be made in Canadian funds.

3 ALLOCATION

This section reviews the RCAM allocation model. It documents the mechanics and provides a brief rationale for each step.

RCAM Allocation Model



3.1 General Expenses-to-Departments Allocations

Note 1:

EI budgets contain a group of expenses labeled as "General Expenses". These expenses are separately budgeted for management purposes. Some of the General Expenses, however, are incurred for the benefit of Departments (Ei only) and some for affiliates. In cases where the General Expenses represent costs incurred by individuals or groups of individuals, the allocation is made to departments in which the individuals reside.

General Expense ¹	Cost Driver	Allocator to Dept
Business Taxes	Usage of facility	Calgary Head Count
Rent & Leases	Usage of facility	Calgary Head Count
Employee Benefits	Usage	Salaries (segmented)
EI's Stock Options (SO), Phantom Stock Units (PSU) and Restricted Stock Units (RSU) Charges ²	Usage	Head Count - specific
Other Employee Benefits	Usage	Salaries (segmented)
Corporate Law Legal Fees	Staff	Direct
Depreciation - Other Corporate	Direct & Usage	Direct (Plane & IT Projects) Calgary Head Count (other Depreciation)

¹ – General Expenses were not allocated to services provided by EPI and EGD as EI received "fully loaded" allocations from the originating entity.

² –



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Stock Options (SO) Calc: The fair value of stock options is determined at the date of grant using the Black Scholes model. The number of the SOs vested each year is valued at the market price on the date of vesting, minus the grant price for those vested shares.

Phantom Stock Units (PSU) Calc: PSU holders receive notional units as if one unit was one common share. PSU holders receive cash awards following a three-year performance cycle. Awards are calculated for each outstanding unit at the end of the performance period using the EI weighted average share price and a performance multiplier. The performance multiplier is derived through a calculation of specified performance metrics in relation to a specified peer group of companies, relative to targets established at the time of the grant.

Restricted Stock Units (RSU) Calc: RSU holders receive cash per outstanding unit equal to EI's weighted average EI share price at the time of maturity, 35 months from the date of grant. The outstanding units accumulate notional dividends during their validity.

3.2 General Expenses-to-Primary Services Allocations

Note 2:

In cases where the General Expenses are not incurred based on individuals or groups of individuals and are not affiliate specific, the allocation will be made to the services they support.

General Expense	Cost Driver	Allocator to Service
Industry Associations	Usage	Direct
Corporate Secretarial Legal Fees	Usage	Direct

3.3 General Expenses-to-Affiliate Allocations

Note 3:

In cases where the General Expenses can be specifically identified with an affiliate, the costs will be directed to each affiliate respectively.

General Expense	Cost Driver	Allocator to Affiliate
Directors Fees & Expenses	Effort	Capital Employed
Depreciation - Risk Management System	Usage	System Usage
Depreciation – Enterprise Systems	Usage	System Usage

3.4 Department-to-Service Allocations

Note 4:

All department costs (loaded with applicable General Expenses) will be allocated to the respective services they provide.

In the majority of cases, staff costs represent a significant portion of the department costs and this clearly links effort to causality as the primary driver of the cost of delivering a service. The primary allocator of costs from Department-to-Services in this situation will be "salary-weighted time". (This will include those non-salary costs required to support the Department that are not material in their own right).

In cases where non-salary costs are significant, allocators other than salary-weighted time will be selected and depending on the nature of the costs are allocated (on the basis of causality), either:

- as a direct charge to the respective service; or
- on the basis of usage.

On this basis, all department costs will be allocated on time estimates to the respective services they provide with some exceptions – the Corporate Administration Department, some of the IT related Departments and the Enterprise Financial Systems (EFS) Department, as explained below:

1) Due to the materiality of some of the non-salary related costs:

- the Corporate Administration Department will use direct allocation of material office administration costs to the Corporate Office Administration Service;
- the Human Resource Information Systems Department will allocate IT maintenance and licence fees related to Human Resources Applications (e.g. PeopleSoft) based on usage;
- the Enterprise Content Management Department will allocate IT maintenance and licence fees related to Records Management Applications (e.g. Open Text) based on usage;
- the Public Web Systems Department will allocate IT maintenance and licence fees related to the Portal Applications (e.g. eLink) based on usage; and

the remaining costs are allocated based on time estimates to all services supported by the department.

2) The costs for supporting shared IT systems (e.g. EFS) will be incurred directly by multiple affiliates for the purpose of delivering those IT services. For allocation purposes, the participating affiliates' original budget allocations are notionally aggregated and the charges are calculated based on affiliate user count. The difference between this affiliate calculation and the affiliate's original budget allocation (debit or credit) is allocated to the affiliate.

3.5 Direct Charges-to-Services Allocations

Note 5:

The "direct charges" will represent expenses incurred directly by EI which can be tracked on an affiliate specific basis. Direct charges of EI also include allocated costs from EGD and EPI for services provided by them to EI. These costs are added directly into the EI Services. These services will then be reallocated to the affiliates (including EGD and EPI). Where a portion of EGD costs allocated to EI would not be incurred for EGD on its own behalf they will not be reallocated back to EGD.

3.6 Support Service-to-Primary Service Allocations

Note 6:

In establishing the RCAM, all services provided by EI will be identified, costed and made available to EGD for review. EGD will indicate which services are not directly required by them. Where these services are nevertheless regarded by EI as crucial to support the delivery of the services which EGD does need they are added in to those Primary Services that they support (See Appendix F: Support Service Loading for further service definitions). (The rationale



Regulatory Cost Allocation Methodology

underlying this support services loading is that it makes it comparable to an external service provider establishing a basic infrastructure and operational support to conduct a service delivery business. The costs of such support services will be included in the pricing of primary services to the customers of the external service provider). The distinction between "primary" services and "support" services and the approach to classification is set out below:

Classifying Services as Support vs. Primary:

The following decision chart is used to classify services as either a Primary or Support Service:

Question 1:

Does the affiliate agree that the service is needed directly by them?

- If the answer is "yes" the service is likely to pass the incurrence test as a valid primary service.
- If the answer is "no" a 2nd question will be asked, namely;

Question 2:

Does the affiliate agree that the service is necessary to support the services that are needed directly by them?

- If the answer is "yes" the services is likely to pass the incurrence test to the extent that the service it supports passes the cost incurrence test and is therefore a valid support service.
- If the answer to question 2 "no", then no part of the "support" service cost will be allocated to the affiliate.

Based on the decision chart established above, the services will be divided into "support" and "primary" services. The nature of each support service will help to determine which primary services receive the costs from each respective support service (i.e., which primary services benefit from the support service). Therefore, the nature of each "support" service is examined and segmented into three groups, namely those that provide "content" based support, those that provide "infrastructural" based support, and those that provide "resource" based support to the primary services.

Loading of Support to Primary Service

Although time estimates were also obtained for determining the extent to which each of the support services were considered to be directly supporting the affiliates, no part of the support service is allocated directly to any affiliate. The full cost of each support service is loaded into the primary services they support. The fully loaded cost of the primary service is then allocated to the affiliate based on the time estimates provided for the respective primary service. Similarly, the common portion would be allocated as determined for the residual of the primary service.

Infrastructural Support Services are considered to be needed by all EI Departments providing Primary Services and are therefore allocated across all these Primary Services, based on a Derived Head Count (DHC) of the Primary Service. (Appendix A: RCAM Allocator Definitions)

Content Support Services are allocated to the specific primary services they support based on the relationship of the respective primary service costs. (The DHC of each department is not a reasonable base for allocation for content support services as the volume of people is not the driver of the need for these support services.)



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The Resource Support Service is allocated to the services provided by the departments they directly supported as per the time estimation study results.

The summary of support service allocations to Primary Services are listed below:

Support Service	Driver	Allocator
Content Support Services		
Financial Reporting	Complexity & or Usage	Service cost
Certification of Financial Reporting & Internal Controls	Complexity & or Usage	Service cost
Consolidation Accounting	Complexity & or Usage	Service cost
Budgeting & Forecasting	Complexity & or Usage	Service cost
Infrastructure Support Services		
Air Travel for Company Personnel	Usage	Trips ¹
Corporate General Accounting	Usage	DHC
Corporate Office Administration	Usage	DHC
Environment, Health & Safety	Usage	DHC
Helpdesk, Network, Infrastructure & Hardware Support	Usage	DHC
Information System Support Applications	Usage	DHC
Invoice Processing and Payment	Usage	DHC
Corporate IT Program and Project Management	Usage	DHC
Corporate IT System Management and Technical Support	Usage	DHC
Payroll & Benefits Processing	Usage	DHC
Resource Support Service		
Financial Projects	Usage	Direct

¹ Trips – In determining the allocation of the aviation service for transporting company personnel to primary services, the number of flights and the individuals traveling per flight were extracted from the flight logs. With this information and an estimated cost per flight (based on an average cost per km to operate the aircraft and the estimated km traveled per flight) a cost equally shared per individual per flight could be derived. The cost would then track with the individual to their respective affiliate or department and be allocated to the services they support based on the results of the time estimation study. Costs derived in the same manner for each non-Enbridge employee on every flight were treated as a residual corporate cost.

3.7 Service-to-Affiliate Allocations

Note 7:

The link between the basis of allocation and causality is regarded as crucial to the service being able to pass the cost incurrence test. Time is regarded as one of the most supportable causal



Regulatory Cost Allocation Methodology

factors. The methodology therefore seeks to allocate as much of the service cost as possible on the basis of time actually spent delivering the service to affiliates.

Therefore, three broad parameters are considered in the allocation of the cost of the service;

- 1) How much of the effort spent on delivering the service can be identified and attributable directly to EGD?
- 2) How much of the effort spent on delivering the service can be identified and attributable directly to other affiliates?
- 3) How much of the effort spent on delivering the service cannot be identified directly attributable to any affiliate (common cost)?

These proportions have been established by the Time Study.

The effort spent on delivering the Primary Service to EGD versus other affiliates has been identified and used to attribute the portion of the cost of the Primary Service to EGD and other affiliates on the basis of salary-weighted time estimates.

The residual pool of common time is then allocated on a different allocator selected to align as closely as possible to causality.

Not all "common costs" benefit every one of the affiliates. This has specific relevance to the Minority Investments (MIs) which are sometimes merely financial assets of EI and sometimes fully owned and operated under contracts, etc. The benefiting affiliates will be identified before selecting the allocator which will reflect the most appropriate proxy for causality. See Appendix A for the definition of all acronyms used below.

Service	External Driver	Effort Required by EI to support the acquisition and holding of Financing Minority Interests (FMIs)	Allocator
EGD Required Primary Services Provided Solely by EI (i.e. EGD has no capability to self-serve)			
Board of Directors Support	Company complexity & number of meetings	Yes	FCER
Capital Market Financing & Access	Financing activity	Yes	FCER
Cash Management & Banking	Cash volume	No	EGD % of Direct Time ³
Employee and Labour Relations	Employees, Unionized employees	No	AHC
Enterprise Infrastructure Management and Technical Support	Employees	No	AHC
Enterprise Infrastructure Program and Project Management	IT programs	No	System Users
Enterprise System Management and Technical Support	IT asset usage	No	System Users
Enterprise System Program and Project Management	IT asset usage	No	System Users
External Audit Coordination	Audit size (hence company complexity)	Yes	Same as Audit Fees



Regulatory Cost Allocation Methodology

Service	External Driver	Effort Required by EI to support the acquisition and holding of Financing Minority Interests	
		(FMIs)	Allocator
Investor Services	M&A and financing activity	Yes	FCER
IT Planning and Governance	IT asset usage	No	System Users
Payroll Management	Employees	No	AHC
Rate Regulated Entity Support	Regulation and company complexity	No	N/A
Supply Chain Management	Raw material volumes	No	ACER
EGD Required Primary Services Provided as a Supplement to EGD's Own Capabilities			
Audit & Accounting Advice	Company complexity	Yes	FCER
Business & Economic Financial Analysis	M&A activity	No	EGD % of Direct Time ³
Brand Strategy & Investment Community Investment Relations	Customer base and public interest	No	ACER
Business Development ¹	Mergers & Acquisitions (M&A) activity	No	ACER
Corporate Compliance	Company complexity	No	ACER
Emerging Energy Technology Research	New technologies	No	ACER
Employee Development	Employees	No	Non Union EFTE
Gas Supply, Storage, and Transportation Strategy	Raw material volumes	No	EGD % of Direct Time ³
Government Relations & Corporate Social Responsibility (CSR)	Regulations	No	ACER
Human Resource Advice	Employees	No	AHC
Insurance Claims Support, Strategy and Management	Entity risk	Yes	Same as Insurance Premiums
Legal Advice	Regulation, Contracts, M&A	No	ACER
Planning, Management & Execution of Internal Audits	Company complexity	Yes	Same as Audit Fees
Safety and Process Safety	Employees	No	AHC
Strategic Planning ²	Complexity (company & markets)	Yes	FCER
Records and Information Management	Transactions, contracts, documents	No	System Users
Risk Assessment and Management	Entity risk	Yes	FCER



Regulatory Cost Allocation Methodology

Service	External Driver	Effort Required by EI to support the acquisition and holding of Financing Minority Interests (FMIs)	Allocator
Tax Reporting & Planning	Legal Entities, M&A, financing	No	EGD % of Direct Time ³
Total Compensation and Benefits	Employees	No	AHC
Primary Services Not Required by EGD			
Aerial Pipeline Surveillance	Not Required by EGD	N/A	N/A
External Communications	Customer base and public interest	No	ACER
Gas Accounting	Not Required by EGD	N/A	N/A
Gas Contract Accounting	Not Required by EGD	N/A	N/A
Internal Employee Communications	Employees	No	AHC
Pension Plan Asset Management and Administration	Already charged separately to EGD	N/A	N/A
Reservoir Engineering	Not Required by EGD	N/A	N/A
Tax Advice	Legal Entities, M&A, financing	No	EGD % of Direct Time ³

¹ Common Business Development Costs accepted by EGD include only the proportion related to costs incurred by the Ontario Business Development department

² Common Strategic Planning costs are not accepted by EGD and are regarded as an EI cost

³ Where time estimates allocated over 80% of the primary service costs specifically to affiliates, it is deemed reasonable to assume the proportion of effort between EGD specific and "Other" specific affiliates was a fair representation for the allocation of the common (to the benefit of all affiliates) effort.

3.8 Direct Charges-to-Affiliate Allocations

Note 8:

EI budgets contain a group of expenses labeled as "Direct Charges". These charges are separately budgeted for management purposes. They, however, are incurred specifically for affiliates and the details may be tracked directly for the benefit of a particular affiliate.

Direct Charges	Driver	Allocator to Affiliate
Depreciation – Risk Management System	Usage/ Transactions	Direct
Depreciation – Enterprise Systems	Usage/ Transactions	Direct
Direct EFS Charge (Credit)	Usage	Direct
Directors Fees and Expenses	Company complexity & number of meetings	FCER
EGD Stock Based Compensation ¹	Usage	AHC – specific
Insurance Premiums	Risk	Direct

¹ Refer to footnote in Note 1

4 RETURN ON INVESTED CAPITAL

ARC allows for a return on "invested capital" as indicated below.

2.3.10 Where it can be established that a reasonably competitive market does not exist for a service, product, resource or use of asset that a utility acquires from an affiliate, the utility shall pay no more than the affiliate's fully-allocated cost to provide that service, product, resource or use of asset. The fully-allocated cost may include a return on the affiliate's invested capital. The return on invested capital shall be no higher than the utility's approved weighted average cost of capital.

A return on invested capital has not been incorporated as a part of each Primary Services' fully allocated cost, but is included as a separate charge in RCAM.

The "invested capital" has been defined as the NBV (net book value) of PPE (property, plant and equipment) assets of EI required to provide the services.

5 UPDATE AND REVIEW PROCESS

The RCAM is a dynamic document which must be reviewed and updated periodically to ensure its relevance to both EI and EGD to reflect organizational changes of the business and any changes to the regulatory environment. There are five key areas that need to be addressed.

5.1 Service Schedule Detail Reviews

The performance review & evaluation and dispute resolution clauses from the Service Agreement (SA) may highlight changes that need to be reflected in the Service Schedules. While performance feedback may occur throughout the life of the SA, a formal discussion shall take place periodically, at least annually, to ensure changes are documented and incorporated into the next SA and rate case filing. Changes may occur in the service definitions, service offerings by department, expected service deliverables and quality & quantity descriptors.

5.2 Service Review for Relevancy to EGD

The second step in the review process is a review for service relevancy to EGD. Reflecting on the performance feedback process and service schedule reviews, services allocated to EGD shall be reviewed, as part of the performance review process, to ensure that they still meet the cost incurrence test. In addition, services that are currently deemed support services or have not in the past been allocated to EGD shall be reviewed to ensure proper treatment. Changes made to the Service Schedules shall be captured within a revised version of the RCAM, updated annually.

5.3 Time Estimation Study

Once the Service Schedules have been updated with changes highlighted from 5.1 and 5.2, the detailed time estimation study will be conducted, if necessary, to estimate the future time that the EI corporate office will provide to the respective services. The results of the time estimation study are used as an input into the allocation model calculation. The time estimation study will be conducted at the end of each quarter.



5.4 Allocator Review

Concurrently with the time estimation study, a review of the cost allocators will be conducted. This review shall include a determination of whether or not the allocator is still appropriate for use with the service or expense in question, an evaluation of whether the information required for its calculation is available and whether or not the calculation definition needs to be revised based on an organizational change within Enbridge. Changes shall be documented, including the rationale for the change, in a revised version of the RCAM.

5.5 Cost Calculation

Once all Service Schedules are updated, the time estimation study complete and a review of the allocators complete, the cost allocation model shall be revised and run to determine the specific cost allocations from EI to EGD.



Business case for IT Shared Services consolidation and ARC exemption

Appendix B

August 2015



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1 Background and objectives

1.1 Objectives of this report

The objectives of this report are:

- (1) to set out relevant business factors that inform the decision of Enbridge Gas Distribution Inc. (EGD) to participate in the consolidation of all Enbridge IT Shared Services (ITSS) within Enbridge Inc. (EI); and
- (2) to provide evidence in support of EGD's application to the Ontario Energy Board (OEB) for an exemption from section 2.2.2 of the Affiliate Relationships Code for Gas Utilities (ARC), in order to permit EI IT staff limited access to EGD customer information or confidential information, as defined in the ARC, (CI) as part of ITSS.

EGD has shared certain IT services within the Enbridge corporate group of companies (Enbridge or enterprise) for many years, pursuant to the Regulatory Cost Allocation Methodology (RCAM) approved by the OEB and the related RCAM agreements and enterprise Cost Allocation Methodology (CAM). Creation of the newly formed ITSS model has led to further sharing of IT resources within Enbridge that EGD is continuing to evaluate and consider in accordance with the principles set out in the ARC.

Section 2.3.2 of the ARC states that "if the utility enters into a contract for the receipt of the service, product, or asset that it currently provides itself, the utility shall first undertake a business case analysis", that, according to section 2.3.3, shall contain:

- a) Description of relevant utility needs on a per-service basis
- b) Identification of the options available internally or externally from an affiliate of third party
- c) Economic evaluation of all available options including the utility's current fully-allocated cost (which includes a return on the utility's invested capital equal to the approved weighted average cost of capital)
- d) Explanation of the selection criteria (including any non-price factors to be taken into account)
- e) Estimate of any benefits to the utility's Ontario ratepayers from outsourcing
- f) Justification of why any separate items were bundled together when considered for outsourcing

EGD has undertaken this business case analysis within the context of the development of ITSS at Enbridge. The results of this analysis are set out in this report. EGD notes that in order to achieve the full benefits of consolidation, it will be necessary to share IT employees and contractors who may have incidental access to CI. EGD therefore requires an exemption from section 2.2.2 of the ARC from the OEB. The proposed business arrangements and applicable conditions for ITSS to support EGD's exemption request are set out in this report.

1.2 Background to ITSS consolidation

As Enbridge has grown over time, the IT functions within each business unit have also grown to support local business needs. That pattern of growth resulted, in hindsight, in the unnecessary duplication of certain IT services, systems and support teams. For example there were:

- Four distinct business unit IT departments operating in silos with limited interactions and efficiencies
- Four distinct sets of services delivered to the business with three separate service desks
- Three separate networks with limited interoperability
- Data centre footprints and disaster recovery processes that were built to support each business unit with varying levels of maturity
- Tools deployed across each business unit that had multiple vendors and overlapping capabilities which limited the ability of optimizing vendor contracts to obtain volume discounts across business units
- Basic security capabilities with limited coordination across business units
- Subscale architectures contributing to higher costs and impeding growth

ITSS is intended to streamline the above which will, as a result, improve enterprise agility and reduce operational costs and risk across Enbridge.

In 2013, Enbridge's corporate IT team, including EGD conducted some analysis that showed significant value could be gained by consolidating all the infrastructure services groups across Enbridge. Consolidating infrastructure services with EI would enable EGD to benefit from performance synergies and economies of scale as well as receive new and enhanced services developed to benefit the entire enterprise. Specifically, EGD would benefit from:

- **Lower costs:** EGD will have access to EI's higher volume discounts and enhanced purchasing powers in the market due to consolidation of spending at EI. In addition, centralization is expected to produce enterprise-wide cost efficiencies in training, storage, maintenance activities and staffing. This will ultimately lower costs being charged back to EGD
- **Enhanced agility and scalability:** EGD will be able to integrate acquisitions and manage divestments more swiftly and cost-effectively when operating with the same infrastructure as the rest of Enbridge. In addition, this common infrastructure will also enable EGD IT to be more responsive to business needs and evolve and develop current and future services in a more efficient and cost-effective manner
- **Access to greater breadth and depth of services:** Services such as cyber security monitoring and alerting, disaster recovery, incident management and change management will all significantly improve as a result of being able to leverage a larger and more specialized resource pool as well as common tools and processes across the enterprise

Designing and staffing the new organization, ITSS, continued throughout 2013/14. For other affiliates, and for some EGD services, the transfer of operational funding occurred in early 2015. EGD held back from fully participating in the consolidation in areas where ITSS staff access to CI would be required in order that EGD could make an application to the OEB for any required ARC exemptions.

2 EGD and infrastructure services

2.1 Introduction

EGD is the largest natural gas distribution company in Canada with a 165 year history and an approximately 2.2 million customer base. Within EGD, there are several corporate functions responsible for ensuring effective and reliable business operations.

EGD's business runs 24 hours a day, 7 days a week. Field and emergency crews rely on system availability to be able to complete their work whenever and wherever required. Network and system issues need to be managed quickly and effectively to ensure a rapid response and return to normal business. Critical systems such as Customer Care, Installation & Repair and Billing require critical infrastructure components such as networks, servers and storage, and security to function correctly. The day-to-day productivity of employees is also heavily dependent on critical infrastructure components such as productivity and collaboration tools (e.g. mobile phones, email, Lync) and infrastructure services (desktop support and help desk). Supporting all of these needs is the responsibility of the infrastructure service group.

EGD's custom incentive rate-setting plan ("Custom IR") is designed to incent EGD to perform more efficiently without compromising safety, reliability, and other important customer metrics. EGD must report productivity improvements in its operations annually with the OEB during the term of the Custom IR. To that end, EGD is seeking to find efficiencies through consolidation of services with affiliated companies wherever such consolidation is reasonable, practicable and in keeping with regulatory principles. In this instance, EGD has leveraged the overall Enbridge organization to consolidate EGD's infrastructure services under one umbrella – ITSS.

ITSS is comprised of the following services:

- Core Infrastructure Services
- Network Services
- Security Operations
- Service Management
- Productivity Services
- Infrastructure Project Management & Business Analysis

With the exception of employees with direct access to EGD customer information, the above services are contained within EI and are provided on a standard, consistent and cost effective basis for all business units, including EGD. The following section describes each of these services in more detail.

2.2 Description of ITSS services

Service	Description
Core Infrastructure Services	<p>Core Infrastructure Services comprises the setup, monitoring and support of data centre and equipment:</p> <ul style="list-style-type: none"> • Physical data centre management (power, cooling, access) • Servers (virtual and physical) • Disk / tape storage allocation and backup systems • Routine operations e.g. job scheduling, upgrades, security patches
Network Services	<p>Network Services supports and manages all voice and data transmission facilities:</p> <ul style="list-style-type: none"> • Wireless access and security • Local Area Network (LAN) and Wide Area Network (WAN) administration • Phone system setup and support • Provisioning and management of telco services • Conferencing capabilities (including teleconferencing)
Security Operations	<p>Security Operations provides assessment, tools and services to protect EGD assets from loss or compromise of services:</p> <ul style="list-style-type: none"> • Firewalls and intrusion detection devices and services

- Disaster recovery assessment and response
- Granting of user access privileges to systems and services

Service Management

Service Management provides the first line support to users and manages requests, incidents and changes within IT:

- 24 hours a day, 7 days a week service desk for 1st level support to all users
- Requests for end-user equipment, tools such as desktops and laptops.
- Desktop Support
- Incident monitoring and resolution
- Change management

Productivity Services

Productivity Services provides the tools and services to enable end-users in day-to-day activities. This includes the Microsoft Suite of products:

- Outlook Exchange for email
- Mobility tools and support e.g. mobile phones
- Collaboration tools such as SharePoint and conference bridges
- Deployment Services, for packaging and distribution of client software to user devices

Infrastructure Project Management & Business Analysis

The Infrastructure Project Management and Business Analysis group provides the structure and governance for projects and major activities:

- Requirements gathering
 - Funding set-up and governance
 - Resource assessment and commitment
 - Timeline forecasting and tracking
 - Benefits analysis
-

3 Business case for ITSS consolidation

3.1 Introduction

This section presents the overall business case for EGD participating in the consolidated ITSS and the associated RCAM benefits.

3.2 Options considered

Prior to embarking upon ITSS consolidation, EGD had the option to remain with the status quo or alternatively outsource to an external third party. For the latter option, EGD sourced competitive market quotes from an external vendor to understand the cost to procure these infrastructure services, the results of which are set out below.

3.2.1 Option 1 – status quo [option reviewed but not pursued]

In this model, all infrastructure services fall under EGD IT budget and reporting lines. There was estimated to be little or no opportunity for synergy and savings in this model and it is estimated that costs would continue to rise, albeit slowly, over the next few years. In addition, enhancements to existing services (e.g. cyber security protection) would require incremental capital investment.

3.2.2 Option 2 – centralize internally [option pursued]

In this model, all infrastructure services fall under EI budget and reporting lines. Costs are determined for the entire operation and then reallocated to the various business units based on capital employed, blended rates, FTEs and time estimations through the corporate Cost Allocation Methodology (CAM). This model recognized that the synergies and savings associated with consolidation and integrating within the broader enterprise would be distributed back to the business units. In addition, new and enhanced services would require less investment and ongoing costs by EGD due to the fact that the services would benefit from economies of scale for the initial investment (e.g. lower licencing and hardware costs) and the sharing of ongoing operating costs across a larger user base. As mentioned in Section 1, EGD is seeking OEB approval to participate fully in this model in respect of affiliate access to CI.

3.2.3 Option 3 – outsource externally [option reviewed but not pursued]

In this model, all infrastructure services are provided to EGD by an external third party. EGD engaged Accenture (a global management consulting, technology services and outsourcing organization) to conduct this 'market relevant cost assessment'. The results of this can be seen in Appendix 1. This study indicates that, while an external third party would be able to provide the full scope of ITSS services, it would not be prudent to pursue this option from a financial perspective, as illustrated in Section 3.3.

3.3 Financial appraisal

This section evaluates the financial implications of each of the aforementioned options. Before doing so, it is useful to present the outcomes of a recent benchmarking assessment completed by Gartner, a leading global IT research and advisory firm, in January 2015. EI initiated the benchmarking exercise to better understand Enbridge's, (including EGD) cost position relative to its peers for infrastructure services.

This analysis is based on cash spent in-year (i.e. capex and opex combined) in order to normalize across peers. Peers were selected based on comparable size, industry and geography as well as the specific services being evaluated. The methodology for how peers were selected and the industries they represent is set out in Appendix 1.

The specific period analyzed was 2014 and so reflects the newly consolidated ITSS organization. While the grouping that Gartner evaluated does not correspond exactly to EGD's current structure on ITSS, reconciliation between their model and EGD's cost structure is also set out in Appendix 1.

3.3.1 2014 peer comparison of total ITSS spend by service

The table below illustrates Enbridge's infrastructure costs by spend category relative to the peer average. The common theme across the different spend categories is that Enbridge's infrastructure services costs are 0 to 20% lower than those typically seen in peers of a similar size and with similar business requirements.

Figure 1 – Gartner peer comparison of total ITSS spend

Spend category	Enbridge (\$K)	Peer Avg. (\$K)	Variance (\$K)	% Variance	Comparison to Peer
Data Centre					> 20% Lower
Windows	\$15,771	\$17,017	-\$1,246	-7%	0 to 20% Lower
Linux/UNIX	\$6,112	\$6,534	-\$422	-6%	> 0 to 20% Higher
Storage	\$8,904	\$15,492	-\$6,588	-43%	> 20% Higher
Total	\$30,787	\$39,043	-\$8,256	-21%	
End-User Services					
End User Computing	\$19,818	\$19,849	-\$31	0%	
IT Service Desk	\$4,606	\$3,420	\$1,186	35%	
Total	\$24,424	\$23,269	\$1,155	5%	
Data Networking & Voice					
Enbridge Network	\$27,103	\$33,873	-\$6,769	-20%	
Grand Total	\$82,314	\$96,184	-\$13,870	-14%	

The only service costs above peer average are for the IT service desk. During 2014, the period covered by the benchmarking study, Enbridge had four service desk call centres operating independently of each other, resulting in an above average cost-per-call. Enbridge has since consolidated these four service desks into one, based out of Toronto. The exemption, if granted, will allow EGD to realize the full benefit of the service desk integration and contribute to an overall cost reduction for Enbridge with the goal of matching or bettering its peers.

On the whole, the benchmarking assessment illustrates that Enbridge’s infrastructure services costs, as a result of the centralization of infrastructure services, are either level with or below the costs incurred by Enbridge’s peers. This should contribute to lower costs and consequently a lower RCAM allocation to EGD.

3.3.2 Opex cost analysis of consolidating internally

The graph below shows the projected cost profiles of consolidating infrastructure services internally versus the status quo.

Figure 2 – EGD projected cost profile of status quo versus ITSS consolidation (from CAM and RCAM perspective)

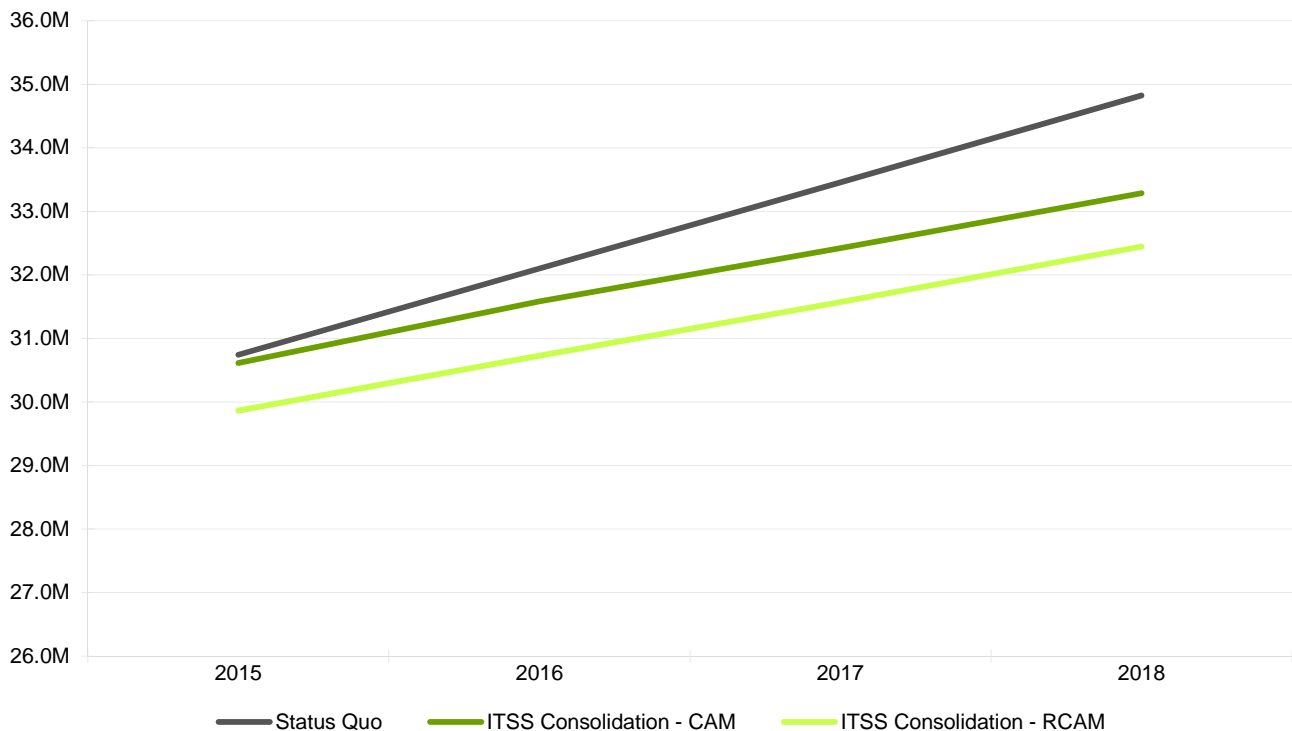


Figure 2 presents three different cost profiles:

- **Status Quo** – this shows EGD’s projected cost profile had EGD not embarked on ITSS consolidation. It is made up of 2014 actuals extrapolated forward over time at a growth rate of approximately 1% and includes depreciation
- **ITSS Consolidation – CAM** – this shows EGD’s projected cost profile of embarking on ITSS consolidation from the perspective of the CAM. It is made up of forecast EGD budget plus EI’s forecast of ITSS EGD CAM plus depreciation. The difference between this line and the status quo line is forecast pre-tax savings to CAM
- **ITSS Consolidation – RCAM** – this shows EGD’s projected cost profile of embarking on ITSS consolidation from an RCAM perspective. It is made up of forecast EGD budget plus EI’s forecast of ITSS EGD RCAM plus depreciation. The difference between this line and the status quo line is forecast pre-tax savings to RCAM

Consolidating infrastructure services produces a lower cost curve and is therefore a “win-win” for Enbridge and for EGD ratepayers (in the form of lower CAM and RCAM costs). Figure 3 shows the size of these projected cost savings which are expected to be sustainable over time.

Figure 3 – estimated pre-tax savings of EGD moving to ITSS model



Cost savings of centralizing infrastructure services are expected to reach more than \$2 million in the year 2018 pursuant to RCAM.

3.3.3 Opex cost analysis of outsourcing to a third party

To complete the analysis, EGD examined the implications of outsourcing infrastructure services to an external third party. The resulting cost ranges presented below are generally broad and reflect the diversity of solutions and cost drivers within each service bundle. The complete results of the assessment can be seen in Appendix 3.

Accenture re-aligned ITSS services to their own market specific service bundles for ease of defining comparable costs. The results of this are illustrated below:

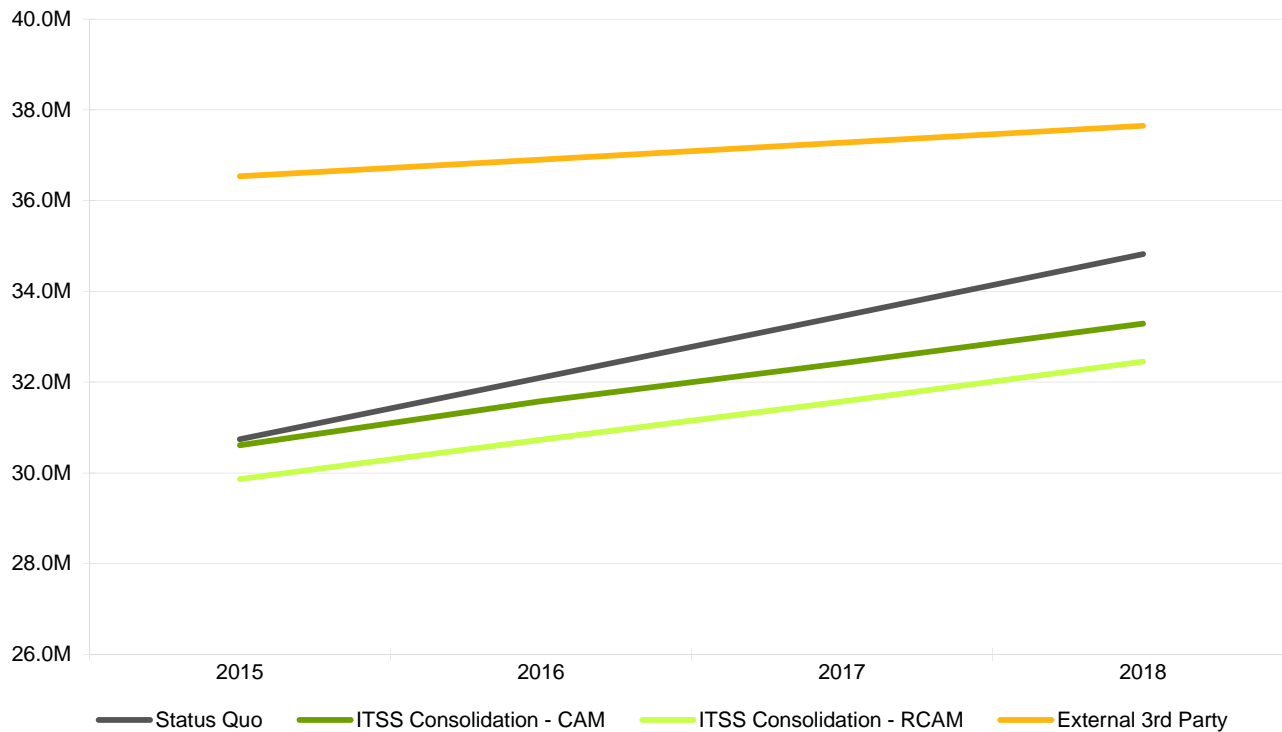
Market relevant service bundle	Cost range (CAD) ¹	Average cost (CAD) ²	Depreciation	ITSS service scope
Server	5.1M - 9.4M	7.7M	3.0M	<ul style="list-style-type: none"> • Server Support ³ • Production Services
Storage	2.4M – 4.3M	3.3M	2.0M	<ul style="list-style-type: none"> • Data Centre Management • Storage Management
End User Computing	3.4M - 5.7M	4.5M	1.8M	<ul style="list-style-type: none"> • Productivity Services • Training and Comms for IT • Device Management • Desktop Support • Mobility Services
IT Service Desk	1.2M - 1.6M	1.6M	0.1M	<ul style="list-style-type: none"> • Application Support • Help Desk • Incident Management • Problem Management • IT Service Request • IT Asset & Configuration Management • IT Change Management
Data Network	1.0M - 3.1M	2.6M	1.0M	<ul style="list-style-type: none"> • Network Data Support
Voice Network	3.3M - 5.7M	4.5M	1.8M	<ul style="list-style-type: none"> • Network Telecom
IT Security	0.5M - 1.6M	1.0M	0.4M	<ul style="list-style-type: none"> • Infrastructure Security • Disaster Recovery • Security Access Management
Project Management	0.8M - 1.2M	1.0M	0M	<ul style="list-style-type: none"> • Project Management
Total	17.8M - 32.5M	26.2M	10.0M	

Notes:

- ¹ The lower end of the cost range approximates onshore service providers while higher end is the top end of the mid quartile of market costs for internal services
- ² The average denotes the middle of the entire range inclusive of outliers with a range more extreme than what our data represents
- ³ Combined some of ITSS services under server support to form this new internal service bundle

Using the 'average cost' figure plus depreciation and extrapolating this forward up until 2018, we can compare the financial implications of outsourcing externally compared with the status quo and 'centralize internally' options. The costs of going external are illustrated below in Figure 4.

Figure 4 – EGD projected cost profile of external third party, status quo and ITSS consolidation



3.3.4 Assumptions

The economics projected above are predicated on the following core assumptions:

- EI charge-back costs for infrastructure services (CAM) reduce over time – by 10% in 2016, 5% in 2017 and 5% in 2018. The 2016 CAM reduction includes the CAM savings from 2015, hence the larger figure (see Section 3.3.5 for rationale behind these CAM savings)
- RCAM efficiencies over time follow the same efficiency assumptions as CAM mentioned above
- The 2015 forecast includes an estimated \$1.0M related to EGD recovery for office space to house Enbridge Corporate datacenter assets. It is projected that the recovery will decrease to \$0.6M in 2016 due to other consolidation efforts
- The 2015 ITSS consolidation forecast assumes a high capital recovery rate that is assumed to decline in 2016 onwards as a result of an expected decrease in the amount of capital project work post 2016
- Salary costs in the status quo option increase 3% per year, while overall opex increase is no more than 1% cap
- Annual costs in the third party option increase at a rate of 1% per year

3.3.5 Key drivers of CAM and RCAM efficiency savings

The table below illustrates the key drivers of the forecast CAM and RCAM efficiency savings over time that have been projected in the ITSS consolidation financials:

Value Driver	Description
Significant economies of scale	EGD will be able to exploit EI's higher volume discounts and enhanced purchasing power in the market. For example, since moving to the ITSS model, EGD's Microsoft discount has risen from 23% to 26%. In addition, Significant cost avoidance of Oracle licenses through participation in Oracle unlimited license agreement
Data center consolidation and virtualization	More efficient storage utilization and data center performance for EGD. Specifically: <ul style="list-style-type: none"> • In the process of shutting down, or greatly reducing in size, three data centers, having already shut down the Calgary data center, resulting in reduced storage costs • Increased virtualization – increased by 2.8% (now 74.85%) and a density increase of 0.8, with now 12.56 servers per host
Service desk efficiencies	A number of costs savings attributable to a more effective service desk being operated out of the

corporate office:

- Process automation – one consistent incident and request management process implemented and automated in the ServiceNow platform and heavily utilized by the service desk
- Complete 24/7 coverage with trained agents
- Fewer agents required to cover all shifts due to the increased size of the qualified agent pool

Removal of redundant access rights

Prior to ITSS consolidation, EGD had thousands of access rights that were no longer required. As a result of the consolidation, access certification through an automated access governance solution (Sailpoint) has facilitated removal of these redundant entitlements

Labour cost optimization

There has been a reduction in FTEs across the ITSS stack as a result of EI providing ITSS services from a single hub, rather than siloed functions operating across the enterprise. The financial implications of this will not be felt until next year due to the timing of CAM allocations

3.4 Non-Financial Benefits

In addition to the financial benefits described above, there are a number of qualitative benefits to EGD that have occurred or will occur as a result of ITSS consolidation. The following section describes these benefits in detail.

Benefit	Description
<p>Improved monitoring and response to cyber attacks</p>	<p>While EGD had cyber security processes in place prior to ITSS consolidation, the set-up of a IT Operations Center across the enterprise now provides EGD with broader and more sustained cyber detection and prevention services. Specifically:</p> <ul style="list-style-type: none"> • <i>IT Operations Centre</i> – the IT Operations Centre has an agreed to Service Level Agreement (SLA) that ensures the ability to detect and shutdown EGD malware/virus infections 24/7 and within 30 minutes • <i>Security architecture</i> – there has been an increase from 0.5 to 3.5 FTEs dedicated to security architecture across the enterprise. For EGD, this broader enterprise-wide approach provides greater protection from attacks that could have previously been launched from other connected systems • <i>Security Metrics</i> – EGD are now able to use analytics in the Splunk platform which ingests > 350GB of data per day to gain additional insights into security trends and potential threats
<p>Enhanced incident response</p>	<p>While EGD had an incident response team in place prior to ITSS consolidation, there were no full-time dedicated resources to manage incidents or outages. Now, the IT Operations Center is in place and providing:</p> <ul style="list-style-type: none"> • <i>Infrastructure Availability</i> – in the event of an EGD IT incident critically impacting the business, Enterprise Incident Response has agreed to an SLA that will ensure they can facilitate triage, communicate and escalate to all necessary infrastructure teams 24/7 within 30 minutes • <i>Security Information & Event Management (SIEM)</i> – there are now dedicated resources during core business hours and on-call after hours to monitor and tune the SIEM infrastructure
<p>Enhanced identity and access management</p>	<p>EGD previously used a solution called Aveska to manage identification and access rights. Post ITSS consolidation, this is now integrated with Sailpoint – EI’s cloud identity management software, making it more seamless and comprehensive for EGD. In addition, the secure single-sign-on feature has also expanded to include additional applications post ITSS consolidation.</p>
<p>Enhanced agility and scalability</p>	<p>By operating off the same architecture and platforms as the rest of the enterprise, EGD can adapt and introduce new products and services more easily when demand increases with little or no degradation in performance. The common platforms will also enable EGD to extend beyond the firewall more easily by building secure infrastructure to support joint operations with business partners. In addition, there has been a sustainable improvement in 1st level response times to minor issues, resulting in better end-user experience and productivity.</p>

4 Business Case for ARC Exemption

4.1 Introduction

As discussed in Section 1 of this report, EGD is seeking an exemption from section 2.2.2 of the ARC (Exemption) so that EGD can fully benefit from ITSS consolidation.

There are three areas of EGD's business that would require granting certain ITSS (EI) employees or contractors access to Customer Information (CI):

1. **Service Management**
 - *Service Desk* – potential to see customer data while sharing and viewing employee laptop screens, or through the inclusion of customer data on a repair ticket
 - *Desktop Support* – potential to see customer data while configuring devices or completing onsite trouble resolutions, e.g. for Customer Care
2. **Productivity Services**
 - *Deployment Services* – Potential to see customer data while accessing employee workstations to configuring devices or conduct onsite trouble resolution (2nd level support)
3. **Security Operations**
 - *IT Operations Centre* – potential to see customer data whilst performing forensic investigations

It should be noted that the potential access to CI in the above three areas will be both infrequent and incidental. The confidentiality of such CI will remain protected.

4.2 Benefits of exemption request being granted

Section 3 outlined the overall benefit to EGD of consolidating infrastructure services. This section identifies the portion of this overall benefit that is at-risk should the Exemption not be granted – estimated to be **\$633K annually related to RCAM and \$642K annually related to CAM**. EGD has and will continue to implement measures to ensure CI is protected under IT shared service consolidation at least as well as it is protected currently, and arguably better given the advantages of the consolidated IT services model and control that Enbridge has over its employees, contractors and IT systems.

4.2.1 Service Management savings for EGD under enterprise model

4.2.1.1 Service desk

As a consequence of ITSS consolidation, the number of enterprise-wide service desk FTE's has been reduced from 38 down to 30. EGD requires the Exemption in order to fully participate in this new model. Currently, EGD has 8 contractors operating the EGD service desk. This temporary arrangement increases EGD specific costs.

To calculate the cost efficiencies of EGD moving to the enterprise service desk, we compare current state costs with the CAM apportionment EGD will receive in the enterprise-wide model.

The estimate for EGD's pre-ITSS service desk is eight contractors and 50% of a supervisor's time, the costs of which are:

Position	Quantity	Rate/hour	Hours/year	Total annual cost
Service Desk contractor	8	\$30	1,880 hours	\$451K
Service Desk supervisor	0.5	-	-	\$50K
Total				\$501K

The initial estimate for the consolidated enterprise-wide service desk is 30 contractors and a full time supervisor, the costs of which are:

Position	Quantity	Rate/hour	Hours/year	Total annual cost
Service Desk contractor	30	\$30	1,880 hours	\$1,692K
Service Desk supervisor	1	-	-	\$100K
Total				\$1,792K

From the perspective of CAM, EGD will receive 23.51% of this total cost through CAM (based on FTE proportion) and therefore EGD's total costs would be approximately \$421K. The difference between the two cost forecasts for EGD is \$501K – \$421K =

\$80K of service desk savings per year related to CAM if the Exemption is granted

The RCAM amount would be \$429K, resulting in \$501K - \$429K =

\$72K of service desk savings per year related to RCAM if the Exemption is granted

Qualitative benefits – in addition to these cost savings, there will also be service improvements in that there would now be dedicated agents 24/7 for service desk compared to the current model which involves part-time data center technicians logging service desk calls overnight for the following morning.

4.2.1.2 IT service management tool

EGD has migrated to the enterprise-wide ServiceNow platform from the legacy Remedy platform. This results in:

- Reduced operational support FTE's by 1.25, equating to approximately \$100K per year
- Reduced server maintenance (SM) costs by retiring 10 Remedy servers, saving approximately \$30K per year

\$130K of ITSM savings per year, from an RCAM and CAM perspective

In addition, there are capital savings as EGD would no longer be required to pay for Remedy upgrades, which amount to approximately \$474K per year. These savings could be used elsewhere within EGD addressing priority capital needs. Assuming a 7 year useful life, this would result in:

\$68K of savings from depreciation per year, from an RCAM and CAM perspective

Currently the entire service desk team (support and agents) are designated as EGD employees or contractors, allowing EGD to comply with ARC from a customer confidentiality perspective. However this approach does not accurately reflect the current enterprise model and results in significant additional accounting manipulation in order to correctly allocate the increased cost of the EGD employees to the other affiliates. Being approved for the exemption would allow EGD to move the team to EI and have the costs allocated to EGD through the CAM process as appropriate.

4.2.2 Productivity Services savings for EGD under enterprise model

4.2.2.1 Deployment Services

EGD is moving from an HP Client Automation (HPCA) software tool to an enterprise System Center Configuration Manager (SCCM) tool. If the Exemption is not granted, then EGD would have to have a separate individual subscription of the enterprise SCCM tool at an additional cost amounting to \$64K per year.

\$64K of savings per year if Exemption is granted, from an RCAM and CAM perspective

4.2.3 Security Operations savings for EGD under enterprise model

4.2.3.1 IT Operations Center (ITOC)

EGD is leveraging the services from the enterprise IT operations center and benefiting from multiple security monitoring tools such as Splunk for security event and information management, RSA Archer for Governance, Risk and Compliance, Nessus for vulnerability detection as well as FireEye for threat detection. Personnel in the ITOC are also responsible for forensic investigations, and the gathering of supporting data during these investigations may result in incidental contact with customer information. If the Exemption is not granted, then EGD would need to have a separate team to provide the same services for forensic investigations and associated analysis. The annual cost for having a separate security operations team for EGD will be \$300K.

\$300K of IT Operations Center savings per year if Exemption is granted, from an RCAM and CAM perspective

4.2.4 Summary of 'at risk' benefits

A summary of the above at-risk savings is illustrated in the table below:

Year: 2015	Status Quo	ITSS Consolidation		Savings	
	EGD	EI (CAM)	EI (RCAM)	CAM	RCAM
Operating Costs					
Service Desk	\$501,000	\$421,000	\$429,412	\$80,000	\$71,588
Service Mgt. Tool	\$130,000	-	-	\$130,000	\$130,000
Deployment Services	\$64,000	-	-	\$64,000	\$64,000
IT Operations Center	\$300,000	-	-	\$300,000	\$300,000
	<u>\$995,000</u>	<u>\$421,000</u>	<u>\$429,412</u>	<u>\$574,000</u>	<u>\$565,588</u>
Depreciation					
Service Mgt. Tool	\$67,714	-	-	\$67,714	\$67,714
(7yr useful life)	<u>\$67,714</u>	<u>-</u>	<u>-</u>	<u>\$67,714</u>	<u>\$67,714</u>
TOTAL	<u>\$1,062,714</u>	<u>\$421,000</u>	<u>\$429,412</u>	<u>\$641,714</u>	<u>\$633,302</u>

4.3 Protection of EGD Customer Information

4.3.1 Contractual obligations (Intercorporate Services Agreements)

EGD has, and will continue to have, Intercorporate Services agreements (ISAs) with all its affiliates, including Enbridge Inc. ISAs outline the terms and conditions around services provided by EGD to its affiliates; in the case of agreements on behalf of EGD IT, these agreements can contain schedules for professional services, infrastructure services, application support and/or hosting. ISAs also exist for services provided by Enbridge Inc. to EGD, with service schedules pertaining to a number of IT services, including IT shared services. These agreements will continue to exist going forward.

4.3.2 ARC awareness and training

Within EGD, all employees and provisioned contractors must complete the mandatory online ARC training provided in Enbridge's Learning (eLMS) upon hire and every 3 years thereafter. EI's ITSS staff will also complete this training.

Course: ARC for Employees

Delivery Type: Web-based Training

Description: The purpose of the ARC Online I and II courses is to ensure that all employees and certain provisioned contractors have a clear understanding of the Ontario Energy Board's Affiliate Relationships Code (ARC). This training is mandatory for EGD employees and must be completed every 3 years.

In addition, EGD is in the process of creating an ARC FAQ document to circulate to all ITSS to raise awareness and reinforce employees on what is required to comply with the ARC.

4.3.3 Enbridge Statement on Business Conduct and related policies

All Enbridge employees and provisioned contractors must complete online Statement on Business Conduct (SOBC) training annually and certify compliance with the SOBC and related Enbridge policies, such as the compliance policy, privacy policies, records management policies and acceptable use of computing assets policy (AUCAP). Failure to report non-compliances or to certify compliance may result in disciplinary action up to and including termination. Unauthorized use or disclosure of CI is a serious violation of company policies that will attract severe discipline and possibly termination of the responsible employee(s) or contractor(s). All new hires are also required to complete the "New Hire Onboarding Learning: Statement on Business Conduct" via eLMS training and other specific training relevant to their job functions. For instance, ITSS staff will receive specific privacy and IT standards training upon hire.

Enbridge's AUCAP sets out overall expectations of using computing assets and information. Unacceptable use of Enbridge Computing Assets is defined as usage that exposes Enbridge to security, privacy and litigation risks. These risks include, but are not limited to:

- Using the system for illegal, defamatory, harassing, threatening or obscene communications
- Tampering with, or attempting to defeat or circumvent, any security measures and controls
- Gaining unauthorized access to Enbridge Computing Assets or information
- Using computing assets in a manner that directly, or indirectly, interferes with authorized use
- Where applicable, sending Commercial Electronic Messages (CEMs) via e-mail, text messaging, or social media platforms without adhering to the proper consent and form requirements as required by the Canadian Anti-Spam Legislation (CASL) and outlined in the Enbridge CASL Standard

As noted, contravention of this policy may result in disciplinary action up to and including termination.

4.3.4 Records Management Policies and Training

Enbridge has published an “Information Classification Standard” on its intranet. Under this standard, Consumer data is classified as “Confidential”. Employees must follow these guidelines for information processing and storage;

Electronic storage location	Managed and monitored servers. Enbridge desktop or encrypted memory device.
Electronic storage protection	Validated strong passwords or multifactor authentication
Physical storage protection	Store in locked container (i.e. desk drawer, file cabinet); restrict access to authorized people
Granting of access	READ: Information owner designates by individual UPDATE: Information owner designates by individual
Electronic transmission	Encrypted
Faxing	Restrict access to sending machine during transmission, and notify recipient to stand by for receipt of fax and confirm delivery

Compliance – Currently all EGD servers are built and managed by EGD staff. This will continue in future thereby ensuring that EGD maintains control over who has direct access to CI. Examples of this are discussed below.

Access to raw data on the servers is protected by using structured databases such as Oracle which can only be interpreted by the appropriate Oracle tool and Data Base Administration (DBA) access.

- All DBA access is controlled by special DBA user ID’s limited to EGD personnel
 - These DBA user IDs are managed with a tool known as Password Vault
- Access is given to developers using tools such as Oracle SQL Developer. This requires the authorized use of the tool (requested via Service Now) and DBA granting permission to read information in the database

End-User access to all consumer information is limited on a “need to know” basis through various applications.

- Access to these key applications requires the approval of a formal request which is directed to the security team via workflow for set up
- Formal request process is our ServiceNow IT request system which is integrated to an identity access management tool called SailPoint
- Request is logged and sent via workflow to an authorized approver
- Approved requests are sent to another team to ensure separation of duties for set up
- Audit trails of requests, approvals are available to ensure compliance to this process

4.3.5 Periodic Auditing

EGD performs periodic access reviews of its major systems, including the Customer Information System (CIS) to ensure that application and data access is only available to applicable EGD personnel. In addition, Sarbanes-Oxley controls and auditing validate that these reviews are held and are a further confirmation that customer data is protected through access reviews.

4.3.6 Customer Information safeguards under ITSS

As discussed above in section 4.1, ITSS staff will have very limited and only incidental access to CI through the provision of help desk and desktop services. ITSS staff will not have direct access to EGD’s IT databases that store CI. EGD has and will continue to

implement measures to ensure CI is protected under ITSS at least as well as it is protected currently, and arguably better given the advantages of the consolidated ITSS model and control that Enbridge has over its employees, contractors and IT systems.

Also of note is the fact that the RCAM agreement between EGD and EI requires all corporate services to be provided in accordance with ARC and that confidential and personal information be protected and used only for the purpose of providing the services. Finally, no foreseeable competitive advantage could be gained by any of the other Enbridge companies that will be served under the ITSS model. Other Enbridge energy companies operating in Ontario are either Wind or Solar farm operations or National Energy Board regulated oil pipelines and as such should not be a concern for the OEB.

Note that Tidal Energy is also an affiliate of Enbridge Gas that conducts natural gas marketing activity in Ontario for industrial and wholesale customers. Tidal Energy buys, sells, transports and provides storage for natural gas. Tidal Energy does not provide energy services in the retail energy market.

4.3.7 IT Operations Centre

The IT Operations Center performs multiple tasks such as:

- Virus/Malware detection and remediation – Security Analysts respond within defined standards to viruses or malware found on work computers, and work quickly to disconnect infected computers from the network to ensure the infection does not spread.
- Forensic investigations – Security Analysts perform investigations are requested by the Chief Compliance Officer and/or Gas Distribution Compliance Officer to gather electronic data and evidence and present in a format as requested.
- Security Use Case Investigation/Response – Security tools are configured to trigger on multiple security threats such as multiple login attempts, malicious connections from the internet, phishing e-mail investigation, etc. – and Analysts review each use case incident.
- Cyber Incident Response – Mobilized response to severe security attacks or vulnerabilities
- Vulnerability Management – Identifies, catalogs and reports vulnerabilities to business owners so that patching can be implemented

The Enterprise Security team performs enhanced security checks on all staff before they are hired into the IT Operations Center. Analysts who perform forensic investigations undergo additional training and as part of the certification abide by an industry code of ethics.

The following controls are in place so that the security team cannot misuse the CI they access as part of their job, particularly the forensic investigation:

- All forensic investigations relating to EGD are authorized and closely supervised by the Gas Distribution Compliance Officer/Privacy Officer, and CI would only be collected and retained in relation to an issue involving that customer. The CI would be retained by EGD and treated in accordance with Enbridge privacy policies
- Regular internal and external audits are performed on the IT Operations Center to verify controls and proper compliance of staff.

5 Appendix

5.1 Gartner Benchmarking

5.2 Business Case Financials

5.3 Accenture Market Research

23499496.1

APPENDIX 5.1

Gartner Benchmarking

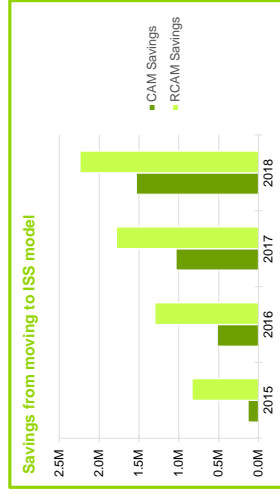
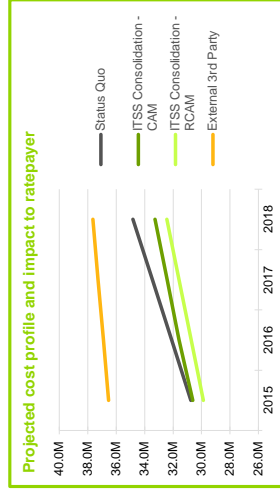
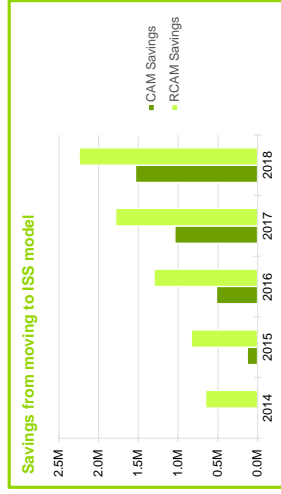
Appendix 5.1 has been filed in confidence with the Ontario Energy Board.

ITSS Consolidation Business Case Summary Outputs

- Assumptions**
- 2016 CAM Change -10%
 - 2017 CAM Change -5%
 - 2018 CAM Change -5%
 - Annual Salary Change 3%
 - Annual 3rd Party Change 1%

Notes

- 2015 forecast includes roughly \$400K CREDITS (recoveries) assumed not sustainable in future years
- 2015 forecast assumes high capital recovery rate that is assumed to decline in 2016 onward



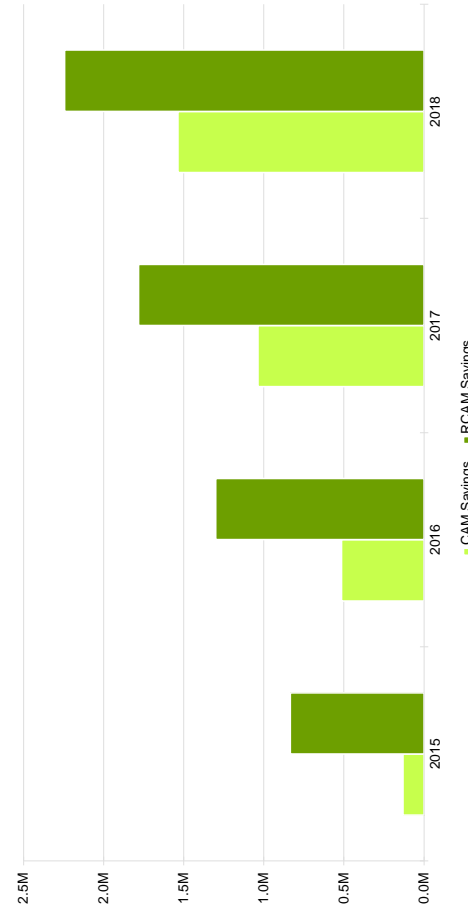
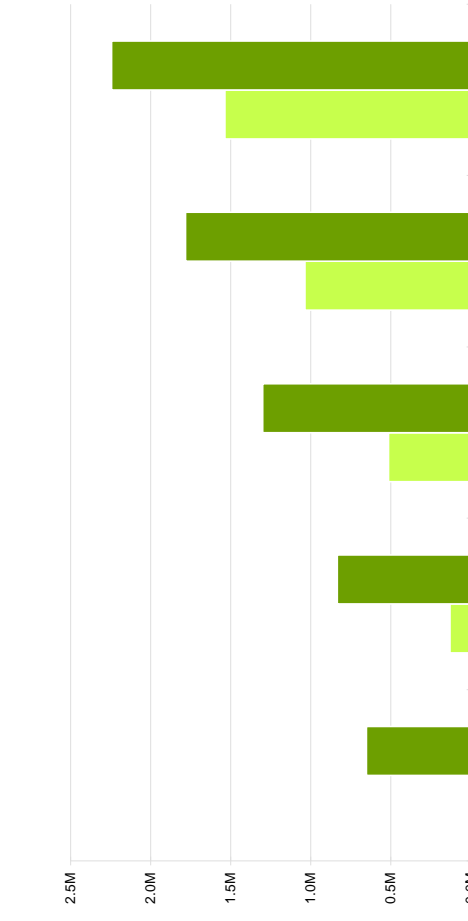
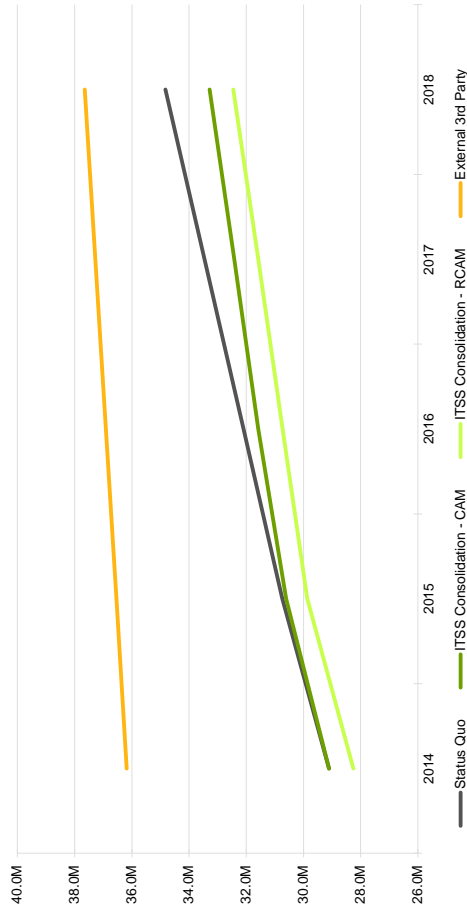
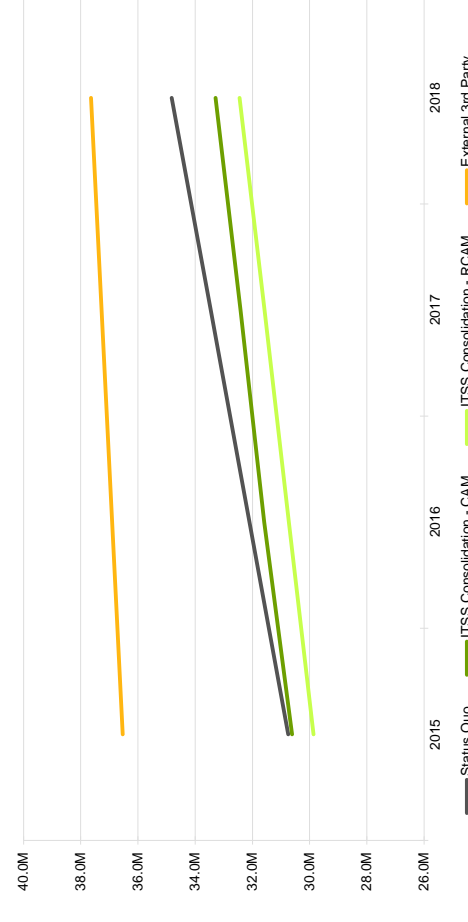
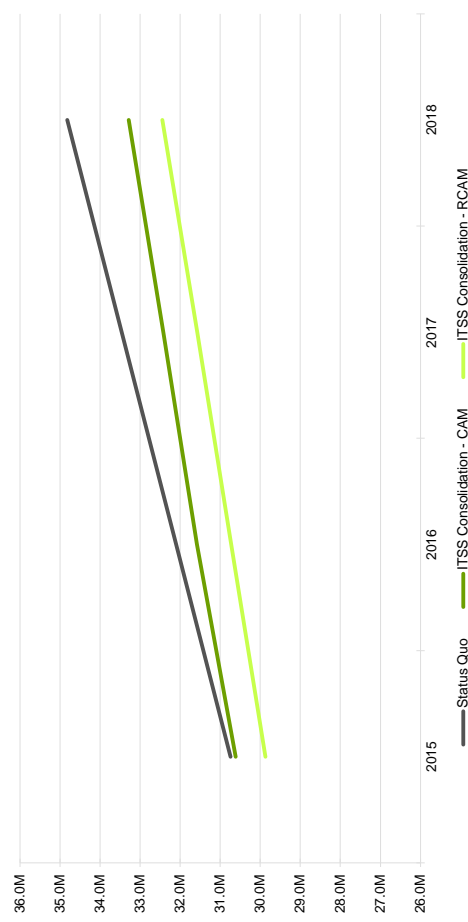
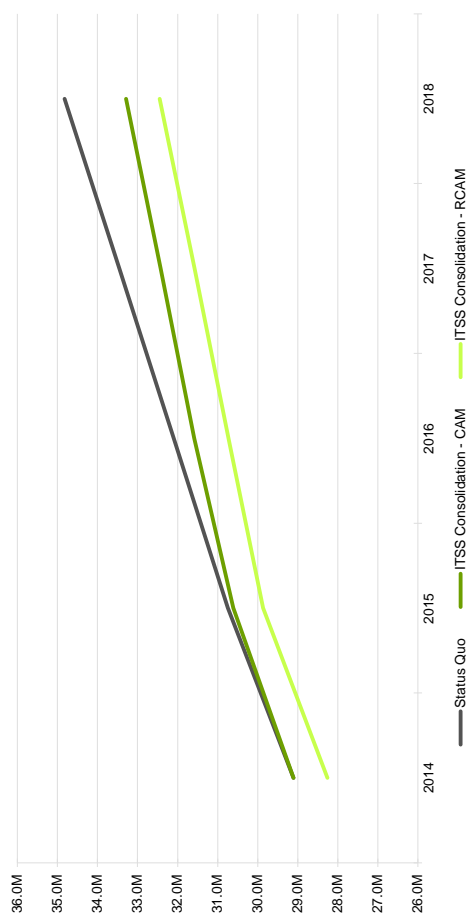
Service towers	2014		2015		2016		2017		2018			
	Actuals	CAM	Total	2+10	IT CAM	Total	EGD Budget	IT CAM	Total	EGD Budget	IT CAM	Total
SSI	1,585,392	60,871	1,646,263	462,812	1,800,637	2,263,449	605,152	1,620,573	2,225,725	623,306	1,539,545	2,162,851
Core Infrastructure	1,504,570	-	1,504,570	144,036	1,333,145	1,477,181	638,510	1,199,831	1,838,340	657,665	1,139,839	1,797,504
Productivity Services	2,395,159	-	2,395,159	1,084,709	1,252,796	2,337,505	1,162,246	1,127,516	2,289,763	1,197,114	1,071,141	2,268,254
Org Effectiveness	468,317	149,541	617,858	103,441	199,070	302,511	153,944	179,163	333,107	158,562	170,205	328,767
Security Operations	2,522,362	589,043	3,111,405	974,571	981,497	1,956,068	1,087,052	883,347	1,970,399	1,119,663	839,180	1,958,843
Network Ops	4,779,168	-	4,779,168	523,447	5,214,113	5,737,560	496,395	4,692,702	5,189,097	511,287	4,458,067	4,969,353
Total	13,254,968	799,455	14,054,423	3,293,015	10,781,258	14,074,273	4,143,298	9,703,132	13,846,430	4,267,597	9,217,976	13,485,573
ITSS Consolidation - RCAM	Actuals	RCAM	Total	2+10	RCAM	Total	EGD Budget	RCAM	Total	EGD Budget	RCAM	Total
SSI	1,585,392	150,127	1,735,519	462,812	867,025	1,329,836	605,152	780,323	1,385,475	623,306	741,306	1,364,612
Core Infrastructure	1,504,570	-	1,504,570	144,036	1,360,240	1,504,276	638,510	1,139,754	1,778,264	657,665	1,082,766	1,740,431
Productivity Services	2,395,159	-	2,395,159	1,084,709	1,278,258	2,362,966	1,162,246	1,153,701	2,315,947	1,197,114	1,096,016	2,293,130
Org Effectiveness	468,317	-	468,317	103,441	216,765	320,206	153,944	103,975	257,919	158,562	98,777	257,339
Security Operations	2,522,362	-	2,522,362	974,571	1,036,164	2,010,735	1,087,052	913,488	2,000,540	1,119,663	867,813	1,987,476
Network Ops	4,779,168	-	4,779,168	523,447	5,320,084	5,843,531	496,395	4,827,703	5,324,098	511,287	4,586,318	5,097,605
Total	13,254,968	150,127	13,405,095	3,293,015	10,078,535	13,371,551	4,143,298	8,918,944	13,062,242	4,267,597	8,472,996	12,740,593
ITSS Consolidation - RCAM	Actuals	RCAM	Total	2+10	RCAM	Total	EGD Budget	RCAM	Total	EGD Budget	RCAM	Total
SSI	14,058,451	14,206,056	14,362,237	14,523,104	14,688,798	14,843,909	14,362,237	14,523,104	14,688,798	14,362,237	14,523,104	14,688,798
Status Quo (Ex. Depn)	651,026	1,693,272	2,891,870	4,090,467	5,289,065	6,488,131	2,891,870	4,090,467	5,289,065	2,891,870	4,090,467	5,289,065
Status Quo (Local Depn)	14,398,907	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909
Status Quo	29,108,384	30,743,237	32,098,016	33,457,480	34,821,772	36,175,949	32,098,016	33,457,480	34,821,772	32,098,016	33,457,480	34,821,772
ITSS Consolidation - CAM (Excl. Depn)	14,054,423	14,074,273	13,846,430	13,485,573	13,152,702	12,820,825	13,846,430	13,485,573	13,152,702	12,820,825	12,491,927	12,160,000
ITSS Consolidation - CAM (CAM Depn)	651,026	1,693,272	2,891,870	4,090,467	5,289,065	6,488,131	2,891,870	4,090,467	5,289,065	2,891,870	4,090,467	5,289,065
ITSS Consolidation - CAM (Local Depn)	14,398,907	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909
ITSS Consolidation - CAM	29,104,356	30,611,454	31,582,209	32,419,949	33,285,676	34,175,949	31,582,209	32,419,949	33,285,676	31,582,209	32,419,949	33,285,676
ITSS Consolidation - RCAM (Excl. Depn)	13,405,095	13,371,551	13,062,242	12,740,593	12,444,972	12,144,972	13,062,242	12,740,593	12,444,972	12,144,972	11,844,972	11,544,972
ITSS Consolidation - RCAM (RCAM Depn)	452,352	1,651,872	2,821,286	3,990,699	5,160,113	6,330,526	2,821,286	3,990,699	5,160,113	2,821,286	3,990,699	5,160,113
ITSS Consolidation - RCAM (Local Depn)	14,398,907	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909	14,843,909
ITSS Consolidation - RCAM	28,256,354	29,867,332	30,721,437	31,575,201	32,448,994	33,316,526	30,721,437	31,575,201	32,448,994	30,721,437	31,575,201	32,448,994
External 3rd Party (Excl. Depreciation)	26,200,000	26,462,000	26,726,620	26,993,886	27,263,825	27,534,711	26,726,620	26,993,886	27,263,825	26,726,620	26,993,886	27,263,825
External 3rd Party (Depreciation)	9,977,000	10,076,770	10,177,538	10,279,313	10,382,106	10,484,899	9,977,000	10,076,770	10,177,538	9,977,000	10,076,770	10,177,538
External 3rd Party	36,177,000	36,538,770	36,904,158	37,273,199	37,645,931	38,019,710	36,904,158	37,273,199	37,645,931	36,904,158	37,273,199	37,645,931
CAM Savings	4,028	131,782	515,807	1,037,532	1,536,096	2,035,892	4,028	1,037,532	1,536,096	4,028	1,037,532	1,536,096
RCAM Savings	653,356	834,505	1,299,995	1,782,511	2,243,826	2,705,151	653,356	1,299,995	1,782,511	653,356	1,299,995	1,782,511
ITSS CAM	799,455	10,781,258	9,703,132	9,217,976	8,757,077	8,306,181	799,455	10,781,258	9,703,132	9,217,976	8,757,077	8,306,181
ITSS RCAM	150,127	10,078,535	8,918,944	8,472,996	8,049,347	7,624,600	150,127	10,078,535	8,918,944	8,472,996	8,049,347	7,624,600
EGD Budget	13,254,968	3,293,015	4,143,298	4,267,597	4,395,625	4,524,753	13,254,968	4,267,597	4,395,625	4,524,753	4,653,802	4,782,627

Summary Graph Data

assumes 3% growth per year to Employee Salary only; all other cost stay flat

assumes most EGD cost consolidated to corporate with an annual CAM allocation

ITSS Consolidation Business Case Summary Graph



ITSS Consolidation Business Case

External 3rd Party Costs

Functional Area	CapEx % as % of Cost	Average Cost	Assumed Depreciation
Servers	39%	7,700,000	3,003,000
Storage	60%	3,300,000	1,980,000
End User	39%	4,500,000	1,755,000
Service Desk	5%	1,600,000	80,000
Data N/W	39%	2,600,000	1,014,000
Voice N/W	39%	4,500,000	1,755,000
Security	39%	1,000,000	390,000
Project Management	0%	1,000,000	0
TOTAL	-	26,200,000	9,977,000

Source: EGD ITSS Market Assessment by Accenture Final

ITSS Consolidation Business Case

Depreciation Expense

2014 - 2018

	2018 LRP	2017 LRP	2016 LRP	2015B	2014B
Total Enterprise					
Corporate Office Assets - non IT	8,196,462	8,150,195	8,012,524	9,883,058	4,841,922
Corporate Office Assets - IT hardware	14,257,906	10,978,165	7,889,897	5,616,633	2,458,219
Corporate Leaseholds	4,110,145	4,081,741	3,790,117	1,704,689	1,207,373
Enterprise IT Assets - non (ITSS/EFS) software	5,273,189	4,821,550	4,695,017	3,913,416	13,797,326
Enterprise IT Assets - ITSS software***	23,036,219	17,815,622	12,595,026	7,374,429	2,619,107
Enterprise IT Assets - EFS software	10,977,858	8,016,422	5,224,721	7,814,624	3,223,209
Treasury Risk Management System	2,766,786	2,293,834	1,847,989	1,428,714	194,822
Total per latest info 2016-2018	68,618,565	56,157,530	44,055,292	37,735,563	28,341,978
EGD CAM					
Depreciation - Enterprise Systems (ITSS only - capital employed*)	2,240,509	1,892,983	1,340,250	860,081	270,405 (1)
Depreciation - Enterprise Systems (EFS - user count)	1,888,192	1,378,825	898,652	1,344,115	818,779
Depreciation - Enterprise Systems (non (ITSS/EFS) - capital employed*)	512,872	512,309	499,602	456,422	1,424,481
Enterprise Depreciation per LRP for 2015-2018 per current state	4,641,573	3,784,117	2,738,504	2,660,619	2,513,665
Depreciation - Enterprise Systems (ITSS only - per Sean**)	5,289,065	4,090,467	2,891,870	1,693,272	651,026 (3)
EGD RCAM					
Depreciation - Enterprise Systems (ITSS only - EFTE**)	5,160,113	3,990,699	2,821,286	1,651,872	452,352 (2)
Depreciation - Enterprise Systems (EFS - user count**)	2,634,686	1,923,941	1,253,933	1,875,510	556,688
Depreciation - Enterprise Systems (non (ITSS/EFS) - user count**)	1,265,565	1,157,172	1,126,804	939,220	2,382,968
Enterprise Depreciation per latest info for 2015-2018	9,060,364	7,071,813	5,202,023	4,466,602	3,392,008
CAM-RCAM over(under) recovery per current state (ITSS only)	2,919,604	2,097,717	1,481,036	791,791	181,947 (2) - (1)
CAM-RCAM over(under) recovery per Sean*** (ITSS only)	(128,952)	(99,768)	(70,584)	(41,400)	(198,674) (2) - (3)

* Capital employed is currently used - segregation is needed, recommend using user count for enterprise systems

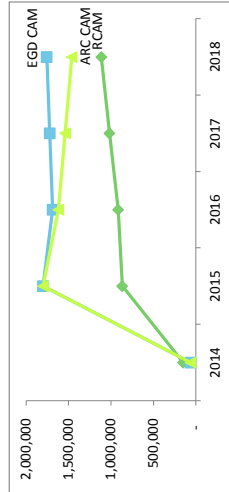
** 2015-2018 est. user count: 24% and headcount: 22.4%. 2014 transition year used CAM total charge as an estimation

*** use Sean Stratton's ITSS depreciation and allocation factors (combination of time and headcount), recommend using headcount only

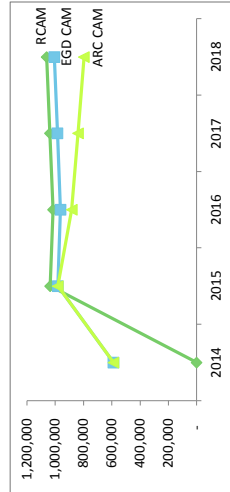
ITSS Consolidation Business Case
IT ITSS RCAM

	EGD CAM		CAM PER		EGD CAM		CAM PER		EGD CAM		CAM PER		EGD CAM		CAM PER					
	RCAM	PER CORP FIN	2014A	2014	RCAM	PER CORP FIN	2015 LRP (v1.1)	2015	RCAM	PER CORP FIN	2016 LRP	2016	RCAM	PER CORP FIN	2017 LRP	2017	RCAM	PER CORP FIN	2018 LRP	2018
IT ITSS End User Service (10009) - SSI	150,127	60,871	60,871	60,871	867,025	1,800,637	867,025	1,800,637	914,699	1,686,472	1,620,573	1,620,573	1,017,090	1,721,536	1,539,545	1,462,567	1,113,130	1,757,347	1,462,567	1,462,567
IT ITSS Core Infrastructure (10039)	N/A	N/A	N/A	N/A	1,360,240	1,334,766	1,360,240	1,334,766	1,266,393	1,243,168	1,199,831	1,199,831	1,291,721	1,268,031	1,139,839	1,082,847	1,317,556	1,293,392	1,082,847	1,082,847
IT ITSS Service Support (10037) - Productivity Services	N/A	N/A	N/A	N/A	1,278,258	1,254,319	1,278,258	1,254,319	1,281,890	1,258,380	1,127,516	1,127,516	1,307,528	1,283,548	1,071,141	1,017,584	1,333,679	1,309,219	1,017,584	1,017,584
IT ITSS Management (10031) - Organizational Effectiveness	-	149,541	149,541	149,541	216,765	199,312	216,765	199,312	115,528	106,268	179,163	179,163	117,839	108,393	170,205	161,695	120,195	110,561	161,695	161,695
IT ITSS Security Operations (10019)	-	589,043	589,043	589,043	1,036,164	982,690	1,036,164	982,690	1,014,987	962,986	883,347	883,347	1,037,786	984,618	839,180	797,221	1,061,129	1,006,765	797,221	797,221
IT ITSS Network (10038)	N/A	N/A	N/A	N/A	5,320,084	5,220,451	5,320,084	5,220,451	5,364,115	5,265,737	4,692,702	4,692,702	5,471,944	5,371,589	4,458,067	4,235,163	5,581,949	5,479,577	4,235,163	4,235,163
Total ITSS	150,127	799,454	799,455	799,455	10,078,535	10,792,174	10,078,535	10,792,174	9,957,612	10,523,011	9,703,132	9,703,132	10,243,908	10,737,715	9,217,977	8,757,077	10,527,638	10,956,861	8,757,077	8,757,077

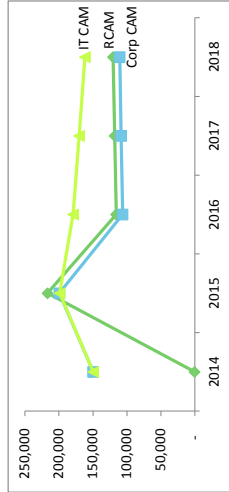
IT ITSS End User Service (10009) - SSI



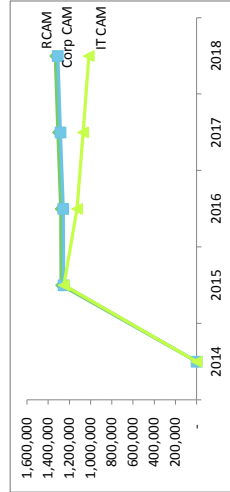
IT ITSS Security Operations (10019)



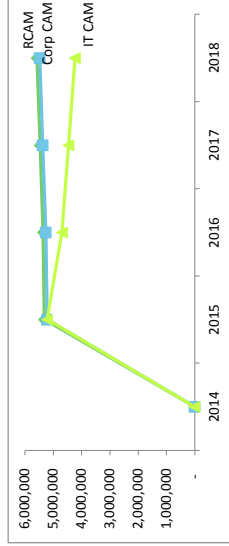
IT ITSS Management (10031) - Organizational Effectiveness



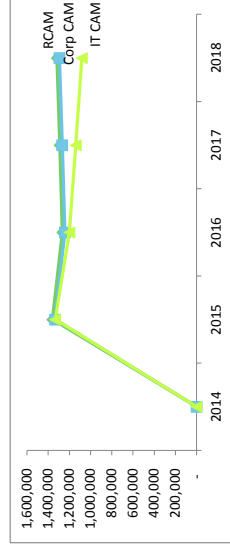
IT ITSS Service Support (10037) - Productivity Services



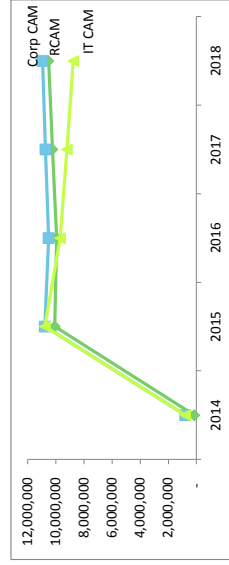
IT ITSS Network (10038)



IT ITSS Core Infrastructure (10039)



Total ITSS



ITSS Consolidation Business Case

ITSS Capital History

Depreciation that will be sent to GD through CAM

2014	2015	2016	2017	2018
5,043	126,757	216,873	306,989	397,106
102,141	160,298	230,868	301,438	372,007
152,047	299,241	520,275	741,309	962,344
22,189	25,374	31,254	37,135	43,016
34,010	96,985	180,274	263,563	346,852
40,221	131,778	295,433	459,087	622,741
295,374	852,839	1,320,783	1,788,727	2,256,671
0	0	96,109	192,218	288,327
651,026	1,693,272	2,891,870	4,090,467	5,289,065

Local Depreciation of ES Assets in GD

14,398,907	14,843,909	14,843,909	14,843,909	14,843,909
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All GD Depreciation of ITSS Assets

15,049,932	16,537,181	17,735,779	18,934,376	20,132,974
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APPENDIX 5.3

Accenture Market Research

Appendix 5.3 has been filed in confidence with the Ontario Energy Board.

APPENDIX C

The Service Desk could have access to customer information when they receive an e-mail requesting assistance for troubleshooting an Enbridge Gas business application. Note the Service Desk does not have access to the application storing the customer data.

From: EGDSAPTroubleTicket@accenture.com
To: Service Desk
Cc:
Subject: Unable to transfer "R" removed need grouping id removed -120101442230

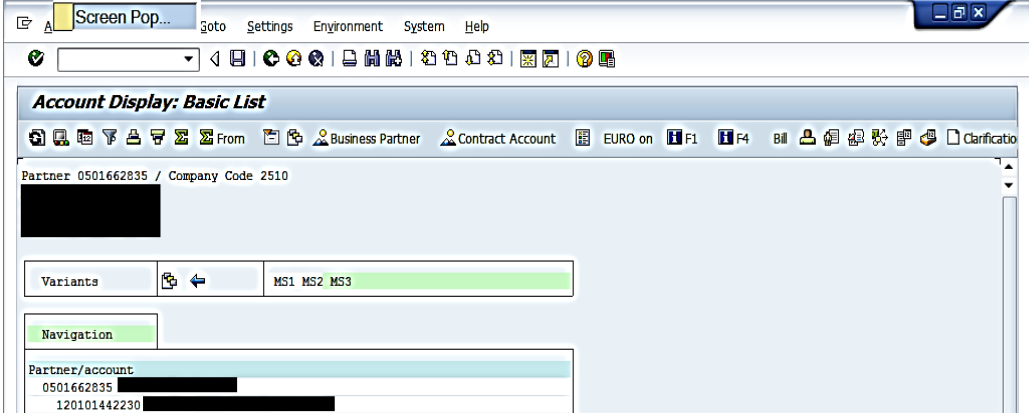
User: [REDACTED]

Please provide the Contract Account number and the Premise Number/Address.: 120101442230

Which Screen/Transaction were you working on? FPL9

Did you receive an error message? Posting Lock

What steps/activity were you performing when the issue occurred? A refund has been stopped and voided r removed please remove grouping ID to facilitate Transfer



Screen Pop... goto Settings Environment System Help

Account Display: Basic List

Partner 0501662835 / Company Code 2510

From Business Partner Contract Account EURO on F1 F4 Bill Clarification

Partner/account

0501662835 [REDACTED]

120101442230 [REDACTED]

Navigation

Partner/account

0501662835 [REDACTED]

120101442230 [REDACTED]

Variants MS1 MS2 MS3

From: EGDSAPTroubleTicket@accenture.com
 To: Service Desk
 Cc:
 Subject: Unable to transfer "R" removed need grouping id removed -120101442230

Screen Pop... goto Settings Environment System Help

Account Display: Basic List

From Business Partner Contract Account EURO on F1 F4 B1 Clarification

Partner: 0501662835 / Company Code: 2510

██████████

Variants MS1 MS2 MS3

Navigation

Partner/account
 0501662835
 120101442230

Receivables Down payments Totals Payment list Chronology

Stat	Document #	CC	BA	MTra	STra	Doc Date	R	DT	Description	DV	Due Date	Amount	DL	Clearing Doc	M	CR	From
	107101832942	2510	2401	0060	0010	2015/04/09		PL	Payment on Account		2015/04/08	126.37-					R
	Credit account	CAD										126.37-					



APPENDIX D

ITSS Contractors could have potential access to customer data by providing e-mail support.

