EXHIBIT LIST

A – ADMINISTRATIVE

B – RATE BASE

EXHIBIT LIST

C – OPERATING REVENUE

Exhibit	Tab	Schedule	Contents	Witness(es)
2016 Revenue Forecast Summary				
C1	1	1	2016 Operating Revenue Summary	S. Purba M. Suarez
	2	1	Gas Volume Budget	M. Suarez
2016 Economic Forecasts				
C2	1	1	Key Economic Assumptions	H. Sayyan M. Suarez
		2	Budget Degree Days	H. Sayyan M. Suarez
		3	Average Use Forecasting Model	H. Sayyan M. Suarez
		4	2016 Customer Additions	F. Ahmad
2016 Fiscal Year Revenue				
C3	1	1	Utility Revenue 2016 Updated Forecast	R. Small
	2	1	Customer Meters and Volumes by Rate Class - 2016 Budget	M. Suarez
		2	Comparison of Average Customer Meters by Rate Class 2016 Budget and 2015 Board Approved Budget	M. Suarez
		3	Comparison of Gas Sales and Transportation Volume by Rate Class 2016 Budget and 2015 Board Approved Budget	M. Suarez

EXHIBIT LIST

C – OPERATING REVENUE

Exhibit	Tab	Schedule	Contents	Witness(es)
C3	2	4	Comparison of Gas Sales and Transportation Revenue by Rate Class 2016 Fiscal Year and 2015 Board Approved	S. Purba M. Suarez

EXHIBIT LIST

D – OPERATING & MAINTENANCE COSTS

Exhibit	Tab	Schedule	Contents	Witness(es)
2016 Operating Costs				
D1	1	1	Operating Cost Summary	R. Small
		2	Cost of Service 2016 Updated Forecast	R. Small
	2	1	Gas Costs, Transportation and Storage	D. Small
		2	Status of Transportation & Storage Contracts	D. Small
		3	Unbilled and Unaccounted-For Gas Volumes	H. Sayyan M. Suarez
		4	Summary of Gas Cost to Operations Year Ended December 31, 2016	D. Small
		5	Summary of Storage and Transportation Costs Fiscal 2016	D. Small
		6	2016 Forecast Peak Day Supply Mix	D. Small
		7	Monthly Pricing Information	D. Small
		8	Gas Supply/Demand Balance	D. Small
	3	1	2016 Customer Care/CIS Update	D. McIlwraith R. Small
		2	EB-2011-0226 Settlement Agreement Enbridge Customer Care and CIS Costs 2013 to 2018 - September 2, 2011	D. McIlwraith R. Small
		3	Updated CIS / CC Template for 2016	D. McIlwraith R. Small

EXHIBIT LIST

D – OPERATING & MAINTENANCE COSTS

Exhibit	Tab	Schedule	Contents	Witness(es)
D1	4	1	2016 DSM Forecast Budget	F. Oliver-Glasford
	5	1	Pension / OPEB 2016 Updated Forecast	J. Barradas J. Shem
	6	1	2016 Utility Taxable Income and Income Tax Expense	R. Small
		2	Calculation of Utility Taxable Income and Income Tax Expense 2016 Updated Forecast	R. Small

2016 Deferral and Variance Accounts

Exhibit	Tab	Schedule	Contents	Witness(es)
D2	1	1	Deferral and Variance Accounts	R. Small
		2	Rate 332 Deferral Account	A. Kacicnik R. Small
		3	Unabsorbed Demand Charge Deferral Account	D. Small R. Small

EXHIBIT LIST

E – COST OF CAPITAL

EXHIBIT LIST

F – REVENUE SUFFICIENCY/DEFICIENCY

Written Evidence

Exhibit	Tab	Schedule	Contents	Witness(es)
F1	1	1	Revenue (Deficiency) / Sufficiency Summary	R. Small
	2	1	Allowed Revenue and Sufficiency / (Deficiency) 2016 Updated Forecast	R. Small
	3	1	Utility Income 2016 Updated Forecast	R. Small
	4	1	Utility Rate Base 2016 Updated Forecast	R. Small

EXHIBIT LIST

G – COST ALLOCATION

Exhibit	Tab	Schedule	Contents	Witness(es)
Written Evidence				
G1	1	1	2016 Fiscal Year Cost Allocation Methodology	A. Kacicnik M. Kirk
2016 Fiscal Year				
G2	1	1	Fully Allocated Cost Study - 2016 Fiscal Year	A. Kacicnik M. Kirk
	2	1	Revenue to Cost/Rate of Return Comparisons	A. Kacicnik M. Kirk
		2	Revenue to Cost/Rate of Return Comparisons Excluding Gas Supply Commodity	A. Kacicnik M. Kirk
	3	1	Functionalization of Utility Rate Base	A. Kacicnik M. Kirk
		2	Functionalization of Utility Working Capital	A. Kacicnik M. Kirk
		3	Functionalization of Utility Net Investments	A. Kacicnik M. Kirk
		4	Functionalization of Utility O&M	A. Kacicnik M. Kirk
	4	1	Classification of Rate Base	A. Kacicnik M. Kirk
		2	Classification of Net Investment	A. Kacicnik M. Kirk

EXHIBIT LIST

G – COST ALLOCATION

Exhibit	Tab	Schedule	Contents	Witness(es)
G2	4	3	Classification of O&M Costs	A. Kacicnik M. Kirk
	5	1	Allocation of Rate Base	A. Kacicnik M. Kirk
		2	Allocation of Return & Taxes	A. Kacicnik M. Kirk
		3	Allocation of Total Cost of Service	A. Kacicnik M. Kirk
	6	1	Rate Base Functionalization Factors	A. Kacicnik M. Kirk
		2	Classification of Gas Costs to Operations	A. Kacicnik M. Kirk
		3	Allocation Factors	A. Kacicnik M. Kirk
		4	Allocation of DSM Program Costs General Costs Including Fringe Benefits and A&G	A. Kacicnik M. Kirk
	7	1	Tecumseh – Functionalization and Classification of Rate Base	A. Kacicnik M. Kirk
		2	Tecumseh – Functional Allocation of Cost of Service - 2016 Fiscal Year	A. Kacicnik M. Kirk
		3	Tecumseh – Classification of Cost of Service 2016 Fiscal Year	A. Kacicnik M. Kirk
		4	Tecumseh Gas Rate Derivation 2016 Fiscal Year	A. Kacicnik M. Kirk

EXHIBIT LIST

G – COST ALLOCATION

Exhibit	Tab	Schedule	Contents	Witness(es)
G2	7	5	Tecumseh Gas Isolation of Transmission Related Rate Base 2016 Fiscal Year	A. Kacicnik M. Kirk
		6	Tecumseh Gas Isolation of Transmission Related Operating Cost 2016 Fiscal Year	A. Kacicnik M. Kirk
		7	Functionalization of Short Cycle Net Revenues to In/Ex Franchise Customers 2016 Fiscal Year	A. Kacicnik M. Kirk

EXHIBIT LIST

H – RATE DESIGN

Exhibit	Tab	Schedule	Contents	Witness(es)
Written Evidence				
H1	1	1	2016 Proposed Rates	J. Collier A. Kacicnik
Fiscal Year				
H2	1	1	Revenue Comparison – Current Revenue vs. Proposed Revenue	J. Collier
	2	1	Proposed Revenue Recovery by Rate Class	J. Collier
	3	1	Summary of Proposed Rate Change by Rate Class	J. Collier
	4	1	Calculation of Gas Supply Charges by Rate Class	J. Collier
	5	1	Detailed Revenue Calculations by Rate Class	J. Collier
	6	1	Rate Handbook	J. Collier
	7	1	Annual Bill Comparison	J. Collier

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B), as amended;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing rates for the sale, distribution, transmission and storage of gas.

A P P L I C A T I O N

1. The Applicant, Enbridge Gas Distribution Inc. ("Enbridge") is an Ontario corporation with its head office in the City of Toronto. It carries on the business of selling, distributing, transmitting, and storing natural gas within Ontario.

2. Enbridge hereby applies to the Ontario Energy Board (the "Board"), pursuant to section 36 of the *Ontario Energy Board Act, 1998*, as amended (the "Act") for an Order or Orders approving or fixing just and reasonable rates for the sale, distribution, transmission, and storage of gas commencing January 1, 2016.

3. As of January 1, 2016, Enbridge will be entering the third year of a five year Incentive Regulation ("IR") plan approved by the Board in EB-2012-0459. The Board Decision with Reasons in that proceeding establishes a Custom IR framework to set Enbridge's rates over the period from 2014 to 2018. Specifically, the Board's Decision with Reasons and related Rate Order approved placeholder Allowed Revenue amounts for 2015 to 2018, subject to adjustment each year to update certain elements of Allowed Revenue. The resulting final Allowed Revenue amount for each year is to be used to set final rates, based upon updated volume forecasts for that year.

4. Enbridge applies to the Board for such final, interim or other Orders, accounting orders and deferral and variance accounts as may be necessary in relation to approve:

    i. Final rates for the year commencing January 1, 2016;
    ii. The continuation of approved deferral and variance accounts for 2016;
    iii. The approval of a new variance account associated with any revenue received from Rate 332 customers, and a 2016 Unabsorbed Demand Charges ("UDC") Deferral Account to record any actual UDC costs incurred during the year; and
    iv. The determination of all other issues that bear upon the Board's approval or fixing of just and reasonable rates for the sale, distribution, transmission, and storage of gas by Enbridge for the year commencing January 1, 2016.

5. Enbridge further applies to the Board pursuant to the provisions of the Act and the Board's Rules of Practice and Procedure for such final, interim or other Orders and directions as may be appropriate in relation to the Application and the proper conduct of this proceeding.

6. As a result of this Application, average rate increases will be approximately 6.2% or less for all customer classes on a T-service basis (that is, excluding commodity costs). For residential customers, the average T-service increase will be approximately 6.2% or about $37 annually.

7. In the EB-2012-0459 evidence, it was indicated that the Company would file a rate adjustment application (without detailed supporting evidence) by September 1st of the prior year which would allow the necessary administrative processes and notices to be produced. Additionally, it was indicated that the Company would file

the supporting detailed evidence supporting the application by October 1st of each year in order to allow enough time for the necessary regulatory processes which would permit a Board Decision and final Rate Order by December 15th each year. This approach, which is consistent with the rate adjustment process used in Enbridge's first generation IR term, will accommodate rate implementation for January 1st of the subsequent rate and fiscal year. In the EB-2012-0459 Decision with Reasons, the Board accepted Enbridge's proposal for setting rates for 2015 through 2018.

8. The evidence in support of this Application will be filed by September 30, 2015.

9. Enbridge respectfully requests that the Board establish a process for this Application that allows for rates to be implemented as of January 1, 2016, in conjunction with the January 1, 2016 QRAM Application, and for Rider D (refund of Site Restoration Cost Reserve) to be implemented as of January 1, 2016. If necessary, Enbridge further requests that if final rates cannot be implemented as of January 1, 2016, the Board approve interim rates to be effective as of January 1, 2016, with a process for final rates to be approved as soon as possible thereafter.

10. Enbridge requests that a copy of every document filed with the Board in this proceeding be served on the Applicant and the Applicant's counsel, as follows:

The Applicant:

Mr. Andrew Mandyam
Director, Regulatory Affairs and
Financial Performance
Enbridge Gas Distribution Inc.

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Mailing address:	P. O. Box 650 Scarborough, Ontario M1K 5E3
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The Applicant's counsel:

Mr. David Stevens
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Address for personal service and mailing address	Brookfield Place, P.O. Box 754 Suite 1800,181 Bay Street Toronto, Ontario M5J 2T9
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Email:	dstevens@airdberlis.com

DATED: August 31, 2015 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.

Per: __[original signed]_______________

Andrew Mandyam
Director, Regulatory Affairs and
Financial Performance

OVERVIEW AND APPROVALS REQUESTED

1. This rate adjustment application sets out Enbridge's request for approval of 2016 final rates within the Custom IR rate making model approved by the Board in Enbridge's EB-2012-0459 rate application.

2. The Board issued its Decision and Rate Order in EB-2012-0459 on August 22, 2014. That Decision included the final approval of 2014 rates, as well as the process to be used to adjust rates for 2015 to 2018.

3. In the EB-2012-0459 Decision with Reasons, the Board directed Enbridge to file evidence in relation to the allocation of costs to non-utility storage operations for base pressure gas and lost and unaccounted for gas. Enbridge has filed this evidence at Exhibit A, Tab 5, Schedule 1. The evidence explains why the current allocation approach remains appropriate. Enbridge is seeking Board Approval to continue to use the current allocation approach for the duration of the Custom IR term.

4. Enbridge has now updated its 2016 Allowed Revenue amount for the purpose of determining final rates for 2016 in the same manner as which was previously approved by the Board. Enbridge has included the determination of the 2016 gas volume budget (which requires, among other things, creating forecasts of customers, large volumes, degree days, customer additions and average uses), the updating of operating costs (which includes determination of gas costs, updates of certain O&M costs and tax calculations), the updating of cost of capital (which includes applying the updated ROE and cost of debt to the rate base amount that is used for ratemaking purposes) and the calculation of the sufficiency/(deficiency)

which requires forecasts of revenues. Then, when all of that work was completed, Enbridge undertook a full cost allocation and rate design process to create 2016 final rates.

5. Within this 2016 Rate Adjustment Proceeding, Enbridge requests approval of its final rates for 2016. As described below, this includes approval of a number of constituent elements.

6. Through Enbridge's EB-2012-0459 rate application, the Board approved a five year Custom IR rate making model to be used by Enbridge for fiscal years 2014 through 2018. The Board's Decision with Reasons and associated Final Rate Order approved all of the elements and forecast costs to be used within the derivation of 2014 Allowed Revenue and final rates associated with 2014.

7. The Board's Decision with Reasons and related Rate Order also approved placeholder Allowed Revenue amounts for 2015 to 2018. The placeholder Allowed Revenue amounts are subject to adjustment in advance of each year to update certain limited elements of Allowed Revenue. The elements to be updated to set final Allowed Revenue for each year from 2015 to 2018 were described within Appendix E to the EB-2012-0459 Final Rate Order, a copy of which is attached hereto as Appendix "A". The resulting final Allowed Revenue amount for each year is to be used to set final rates, based upon updated volume forecasts for that year.

8. In this proceeding, Enbridge requests approval of the final 2016 Allowed Revenue Amount. Table 1 (attached as Appendix "B") sets out the derivation of the final 2016 Allowed Revenue Amount.

9. Column 1 of Table 1 sets out the Board-approved placeholder 2016 Allowed Revenue amount, by component. Column 2 indicates the items being updated, in order to arrive at the final 2016 Allowed Revenue amount that is set out within Column 3. All other components of 2016 Allowed Revenue were previously approved by the Board in EB-2012-0459. The final 2016 Allowed Revenue amount incorporates the updated amounts associated with each of the items listed in Column 2. Column 4 of Table 1 includes a brief description of each of the items being updated. Column 5 includes the evidentiary reference for each of the updated items: in general, the evidence about updated rate base is found in the “B” series of exhibits, the evidence about updates to certain operating cost elements is found in the “D” series of exhibits and the evidence about updates to cost of capital is found in the “E” series of exhibits.

10. Enbridge also requests approval of its 2016 gas volume forecast, which is used for the purpose of setting 2016 rates (as well as 2016 gas costs and other gas cost related items). The evidence in support of the 2016 volume forecast is found within the “C” series of exhibits. Also set out within the “C” series of exhibits is the 2016 revenue forecast, which uses the 2016 gas volume forecast.

11. Enbridge then requests approval of the forecast revenue deficiency associated with the 2016 Allowed Revenue amount, and the 2016 gas volume forecast, as set out within the “F” series of exhibits.

12. Taking all the foregoing into account, Enbridge requests approval of its proposed final 2016 Rates, as set out in the “H” series of exhibits, to be effective January 1, 2016.

13. In connection with the approval of final 2016 Rates, Enbridge requests that the Board approve the establishment of the 2016 Deferral and Variance Accounts set out within the evidence at Exhibit D2, Tab 1, Schedules 1 to 3. The Deferral and Variance accounts, except for one new deferral and one renewed account being requested, were each approved for the Custom IR term within the EB-2012-0459 Decision with Reasons, except for the Dawn Access Costs Deferral Account, for which approval was granted within the EB-2014-0323 proceeding, and the 2015 Credit Final Bill Deferral Account, which was approved within the EB-2014-0276 proceeding. The new deferral account being requested, the 2016 Rate 332 deferral account and the renewed deferral account, the 2016 Unabsorbed Demand Charge deferral account, are explained further within Exhibits D2, Tab 1, Schedules 2 & 3.

14. Enbridge requests that the Board establish a process for this Application that provides for final rates to be approved as soon as possible, and in any event in sufficient time for implementation in conjunction with the January 1, 2016 QRAM Application. Enbridge also requests that the Board approve the implementation of Rider D commencing on that date, to allow for the refund of $83.9 million of site restoration cost reserve to be spread over the entire 2016 Rate Year. This is explained at Exhibit H1, Tab 1, Schedule 1.

Appendix E

Elements to be Updated within 2015 through 2018 Custom Incentive Rate Processes and Applications

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1. Volumes will be re-forecast annually through following the established processes of updating forecasts of; customer additions, probability weighted large volume customer forecasts, customer meter unlocks, economic outlook and gas prices, average use and approved heating degree days using the approved degree day methodologies.

2. Resulting from the annual volumes re-forecast, revenues will be re-forecast using approved rates.

3. Resulting from the annual volumes re-forecast, the annual gas supply plan will be redetermined, and annual projected gas costs as well as annual gas in storage volume requirements and related rate base gas in storage values and any gas cost related working cash allowance impacts will be reforecast within annual revenue requirements.

4. O&M related Customer Care/CIS costs will be updated annually in accordance with the Board Approved EB-2011-0226 Settlement Agreement.

5. O&M related DSM costs will be updated annually to reflect where available, updated Board Approved DSM costs resulting within the DSM Policy Consultation, EB-2014-0134 proceeding or subsequent proceedings. Any related rate base working cash allowance impacts will be re-forecast within annual revenue requirements.

6. O&M related Pension and OPEB expense amounts will be updated annually through the use of re-forecasts performed by Enbridge’s external pension Consultant, Mercer Canada Limited. Any related rate base working cash allowance impacts will be reforecast within annual revenue requirements.

7. Utility income taxes will be re-forecast annually to reflect impacts to taxable income stemming from the updating of revenues, gas costs, O&M and the re-determined approved overall rate of return on rate base.

8. Return on Equity will be re-set each year within the results included in the Board Final Rate Order to reflect the Board Policy produced ROE%.

9. The cost of debt will be updated each year of the IR plan, using the most current information available, including information on the actual amounts and rates associated with any debt issued in the prior year.

ALLOWED REVENUE AND SUFFICIENCY/(DEFICIENCY)
2016 TEST YEAR

Line No.		Col. 1 EB-2012-0459 Total 2016 Allowed Revenue Placeholder ($Millions)	Col. 2 2016 Required Updates ($Millions)	Col. 3 Total Final 2016 Test Year Allowed Revenue ($Millions)	Col. 4 Explanation See Page 2	Col. 5 Evidence Exhibit Reference
	Cost of capital					
1.	Rate base	5,696.0	116.3	5,812.3	a)	B Series of Exhibits
2.	Required rate of return	7.00	(0.63)	6.37	b)	E Series of Exhibits
3.		398.6	(28.3)	370.3		
	Cost of service					
4.	Gas costs	1,632.5	134.8	1,767.3	c)	D1-1-1 and D1-2-1 to D1-2-8
5.	Operation and maintenance	431.1	32.6	463.7	d)	D1-1-1 and D1-3-1 to D1-5-1
6.	Depreciation and amortization	288.9	-	288.9		
7.	Fixed financing costs	1.9	-	1.9		
8.	Municipal and other taxes	45.5	-	45.5		
9.		2,399.9	167.4	2,567.3		
	Misc. operating and non-operating revenue					
10.	Other operating revenue	(42.7)	-	(42.7)		
11.	Interest and property rental	-	-	-		
12.	Other income	(0.1)	-	(0.1)		
13.		(42.8)	-	(42.8)		
	Income taxes on earnings					
14.	Excluding tax shield	47.1	(3.9)	43.2	e)	D1-1-1 and D1-6-1 to D1-6-2
15.	Tax shield provided by interest expense	(49.6)	2.6	(47.0)	e)	D1-1-1 and D1-6-1 to D1-6-2
16.		(2.5)	(1.3)	(3.8)		
	Taxes on sufficiency / (deficiency)					
17.	Gross sufficiency / (deficiency)	(77.9)	(25.8)	(103.7)		
18.	Net sufficiency / (deficiency)	(57.3)	(19.0)	(76.2)		
19.		20.6	6.8	27.5	e)	D1-1-1 and D1-6-1 to D1-6-2
20.	**Sub-total revenue requirement**	2,773.8	144.6	2,918.5		
21.	Customer Care Rate Smoothing V/A Adjustment	0.8	-	0.8		
22.	**Allowed revenue**	2,774.6	144.6	2,919.3		
	Revenue at existing Rates					
23.	Gas sales	2,464.5	85.5	2,550.0	f)	C Series of Exhibits
24.	Transportation service	217.1	42.2	259.3	f)	C Series of Exhibits
25.	Transmission, compression and storage	1.8	0.1	1.9		
26.	Rounding adjustment	-	0.1	0.1		
27.	Revenue at existing rates	2,683.4	127.9	2,811.3		
28.	**Gross revenue sufficiency / (deficiency)**	(91.2)	(16.7)	(108.0)		F Series of Exhibits

App.B Pg.1 Ref.	Required adjustments to 2016 Placeholder Allowed Revenue per Appendix E of the EB-2012-0459 Final Rate Order
a)	Adjustment to rate base arising from the gas cost and O&M updates and the related impact on gas in storage and working cash
b)	Adjustment to forecast cost of capital rates, based upon the updated forecast ROE and updated forecast cost of debt
c)	Adjustment to forecast gas cost based upon the updated gas cost forecast and the 2016 gas volume forecast
d)	Adjustment to O&M in relation to updated forecasts of DSM, Pension/OPEB, and CIS/Customer Care costs
e)	Adjustment to income taxes in relation to all other Board required / permitted adjustments to achieve final 2016 Allowed Revenue
f)	Adjustment to revenue forecasts resulting from updating the 2016 volume forecast and use of July 1, 2015 Board Approved rates

DRAFT ISSUES LIST

1. Has Enbridge calculated its final 2016 Allowed Revenue amount, including the updating of placeholder amounts, in accordance with the EB-2012-0459 Decision with Reasons and Final Rate Order?

2. Is the 2016 gas volume budget appropriate?

3. Is the 2016 revenue forecast appropriate?

4. Is the 2016 Allowed Revenue deficiency or sufficiency calculated correctly?

5. Are the final rates proposed for implementation effective January 1, 2016 and appearing in Exhibit H, just and reasonable?

6. Is it appropriate to establish for 2016 the proposed list of deferral and variance accounts set out at Exhibit D2, Tab 1, Schedule 1.

ALLOCATION OF COSTS (LOST AND UNACCOUNTED FOR & BASE PRESSURE GAS) TO NON-UTILITY (UNREGULATED) STORAGE

1. In the Ontario Energy Board's (the "Board") EB-2012-0459 Enbridge Decision with Reasons dated July 17, 2014, the Board stated

> "Based on the evidence in this proceeding and Enbridge's submissions, it appears that costs for base pressure gas and lost and unaccounted for gas are being allocated to non-utility storage operations on an incremental cost basis. It is not clear to the Board that an incremental cost basis is appropriate. The Board will not order a specific allocation at this time, however, the Board directs Enbridge to prepare the necessary evidence and proposal in time for the 2015 or 2016 rate application. Regardless of the company's proposal, the evidence must contain the information necessary to make an allocation of base pressure gas and lost and unaccounted for gas to non-utility storage on a fully allocated cost basis and on a volumetric basis. Suitable estimations or approximations will be acceptable"[1].

2. The following is Enbridge's response to the Board's direction organized as:
   i. Base Pressure Gas / Lost and Unaccounted For Gas ("LUF") cost allocation and volumetric drivers; and
   ii. Enbridge's position on the respective cost allocations

Base Pressure Gas / LUF Cost Allocation, and Volumetric Drivers

3. The purpose of this section is to provide the data which the Board directed Enbridge to provide. The following table shows Base Pressure Gas and LUF costs under the current Board-approved methodology (incremental), and under a Fully Allocated approach. If a change in approach is applied to only the two cost items noted, it would mean an additional cost transfer to the unregulated operations and an associated revenue requirement reduction for the regulated utility.

4. However, if the Base Pressure Gas and LUF costs are treated on a fully allocated cost basis, then all storage capital costs should be treated on a fully allocated cost basis in order to be consistent and equitable. The cost consequence of using a fully

1 EB-2012-0459, Board Decision with Reasons, July 17 2014, at pages 75-76.

allocated approach to all storage capital would be an increase in utility regulated rate base of approximately $32M to $49M[2], with an associated increase in revenue requirement for the regulated utility which would more than offset the reduction set out in the following table.

Base Pressure Gas	Current - Incremental Cost	Fully Allocated	Revenue Requirement reduction
Regulated	$38.9M	$33.3M	$0.4M[3]
Unregulated	$0.0M	$5.6M[4]	
LUF (Bcf)			
Regulated	0.84 Bcf	0.72 Bcf	$0.67M[5] (reduction to gas costs)
Unregulated	No explicit allocation	0.12 Bcf[6]	

5. The table below shows the volumetric drivers for capacity. The capacity for unregulated storage includes the addition of 1.93 Bcf of capacity that was created in 2015, through the reduction of Base Pressure Gas in the storage facility.

Volumetric drivers	Regulated	Unregulated
Capacity[7]	97.96 BCF (85.7%)	16.33 Bcf (14.3%)

2 Black & Veatch Storage Cost Allocation Study, EB-2011-0354 Exhibit D2 Tab 5 Schedule 1, page 15: included as an Attachment to this evidence.
3 Grossed-up forecast 2016 rate of return/cost of capital of 7.57% * $5.6M, assuming no related impacts to other allocations.
4 $38.9 million x 14.3% = $5.56 million.
5 14.3% * 23,763.6 103m3 * $196.253 adjusted July 2015 QRAM Price.
6 0.84 Bcf x 14.3% = .12 Bcf.
7 After 1.93 Bcf Base Pressure Gas Sale.

Enbridge's Position on the Respective Cost Allocations

6. The purpose of this section is to outline Enbridge's position on the current cost allocation methods for LUF and Base Pressure Gas. Enbridge believes that the current cost allocation methods are appropriate and that individual cost components should not be examined and reallocated in isolation, outside of a full assessment of the appropriate cost allocation for all elements of Enbridge's storage operations.

a. Lost and Unaccounted For Gas

i. Enbridge supports the continuation of an incremental cost allocation for LUF costs during the current IR term. This approach has been used by the Company since the outset of its unregulated storage operations, and the results of this approach have been used in the determination of Board-approved rates for 2013, 2014, and 2015, and for the determination of Board-approved ESM amounts from 2009 to 2012, 2014, and 2015. Under this approach, there has been no additional LUF cost to ratepayers arising from the development of the Company's unregulated storage operations.

ii. LUF refers to the difference between the total amounts of gas that Enbridge injects and withdraws in storage operations. It includes all components of loss, such as leakage, venting, and gas used by the Company itself, adjusted for meter errors and other considerations. LUF is an annual provision for expected gas losses, treated within the income statement as gas cost charges.

iii. Enbridge's current LUF provision, included in its revenue requirement, is based on a volume of 23,763.6 10^3m^3, or about 0.835 Bcf, of expected annual gas loss (within the storage facilities) for the regulated utility. The allowed provision, and the gas volume underlying it, has not changed since before the commencement of the unregulated storage business.

b. Base Pressure Gas

i. All of Enbridge's storage capital costs, including Base Pressure Gas costs, have been allocated on an incremental basis since the outset of its unregulated storage operations. The results of this approach have been used in the determination of Board-approved rates for 2013, 2014, and 2015, and for the determination of Board-approved ESM amounts from 2009 to 2012, 2014, and 2015.

ii. Base Pressure Gas is the quantity of natural gas needed to maintain adequate reservoir pressures and deliverability rates throughout the withdrawal season. Base Pressure Gas usually is not withdrawn and remains in the reservoir. The book value of the Base Pressure Gas is recorded as part of the rate base amount for the Company's storage operations. The development of incremental storage capacity for the unregulated business has, to this point, not required additional Base Pressure Gas and, has actually served to reduce the Base Pressure Gas requirements. However, the development of incremental storage capacity has required considerable storage capital expenditures, all of which has been allocated to the unregulated business using the incremental cost allocation methodology.

iii. The current incremental cost allocation methodology has not changed since the inception of unregulated storage activities in 2008 subsequent to the NGEIR decision. That allocation methodology has underpinned each settlement and rate decision since that time. The Enbridge allocation methodology is different from Union Gas. Union operated unregulated storage prior to the NGEIR decision, and the NGEIR decision resulted in a division of all existing assets by means of a one-time allocation between Union's utility and non-utility business (NGEIR Decision, p. 73)[8].

iv. The ongoing use of the current Enbridge incremental methodology was endorsed by an independent review by Black & Veatch, who agreed that it is appropriate for the storage assets that existed at the time of the NGEIR decisions to be allocated to the utility operations, with any incremental assets to be allocated to the business unit that requires those assets. Under this approach, pre-existing assets (which includes Base Pressure Gas) are allocated to regulated storage. Incremental investments to support new or enhanced capacity are allocated to unregulated storage, and incremental investments to replace or maintain existing assets are allocated to regulated storage[9].

v. If the Board were to determine that Base Pressure Gas should be allocated on a fully allocated basis, it would be appropriate to extend that fully allocated treatment to all storage capital. This would include the substantial capital invested by the unregulated storage business to develop the incremental storage capacities, because both the regulated and unregulated businesses use those assets within the integrated facility. In Black & Veatch's 2012 study it was estimated that the cost consequence of the use of a fully allocated approach to all storage capital would be an increase in utility regulated rate base of approximately $32M to $49M[10].

8 EB-2005-0551, Board Decision with Reasons, November 7, 2006, at page 73.
9 Black & Veatch Storage Cost Allocation Study, EB-2011-0354, Exhibit D2, Tab 5, Schedule 1; included as an Attachment to this evidence.
10 Black & Veatch Storage Cost Allocation Study EB-2011-0354 Exhibit D2, Tab 5, Schedule 1, at page 15; included as an Attachment to this evidence.

7. In conclusion, if the Board, Enbridge or its stakeholders believe that it is appropriate to revisit the cost allocation methodology used for storage costs, then this could be done at the time of Enbridge's rebasing application, using a full evidentiary record that takes into account the storage infrastructure that exists and is planned at that time.

STORAGE COST ALLOCATION STUDY

PREPARED FOR

Enbridge Gas Distribution Inc.

1 MAY 2012

BLACK & VEATCH
Building a world of difference.

Table of Contents

LIST OF TABLES

LIST OF FIGURES

LIST OF SCHEDULES

INTRODUCTION AND SUMMARY

In the Natural Gas Electricity Interface Review ("NGEIR") Decision in EB-2005-0551[1], the Ontario Energy Board (the "Board") determined that the market for the ex-franchise storage services of Enbridge Gas Distribution Inc. ("Enbridge" or the "Company") and Union Gas Limited ("Union") was a competitive market and that Enbridge and Union would no longer be subject to rate regulation for those services. The Board stated that it would cease regulating the prices charged for the following storage services:

- All storage services offered by Union and Enbridge to customers outside their franchise areas;
- New storage services offered by Union and Enbridge to their in-franchise customers; and
- All storage services offered by other storage operators, including storage operators affiliated with Union and Enbridge.[2]

This decision permitted Enbridge to develop new storage services within the competitive market under rates and revenues that would not be regulated by the Board. The Board stated that Enbridge could develop new storage capacity to serve both its in-franchise and ex-franchise customers, however, the Board would not regulate the prices for any of the new storage services developed and offered by Enbridge.

A key element of the Board's decision was that it did not require Enbridge to functionally separate its regulated and unregulated storage operations. At page 73 of its Decision in EB-2005-0551, it was stated that:

> "The Board finds that functional separation is not necessary. The evidence before the Board is that it would be costly and difficult to establish a functional separation of utility and non-utility storage, and there was no evidence to suggest that there would be significant benefits from such a separation. To the extent there may be concerns regarding the integrated operations, these will be addressed through the reporting requirements set out in section 5.4."

Of particular note was that the Board also recognized that all of Enbridge's then existing storage investment was required to serve its in-franchise customers. Therefore, unlike the more complicated situation that existed at that time for Union, it was not necessary for Enbridge to undertake a study of the storage assets that it owned at the time of the NGEIR Decision to determine the portion of its integrated storage operations that was to be allocated to the unregulated storage business.

In response to the Board's Decision, Enbridge established a separate set of books, and implemented a specific accounting and cost allocation process to identify and separate costs between regulated and unregulated storage operations. Enbridge's separate books and cost allocation and accounting

[1] EB-2005-0551 Decision With Reasons issued on November 7, 2006
[2] EB-2005-0551 Decision With Reasons, Page 3.

process accommodate all of the cost elements which support its integrated storage operation, including capital expenditures, Operating & Maintenance ("O&M") expenses, overhead expenses, fuel expenses, and the cost of lost and unaccounted for volumes.

In view of the relative complexities of the process, its level of detail, and its impact upon rate levels, the allocation of costs between Enbridge regulated and unregulated storage operations has been an issue in its recent regulatory proceedings before the Board. In accordance with the provisions of the Settlement Agreement in its 2009 Earnings Sharing Mechanism ("ESM") proceeding (EB-2010-0042), Enbridge agreed to submit as part of its 2010 ESM filing, "an analysis of the appropriate allocation of the costs of regulated and unregulated storage operations."[3] In EB-2011-0008, Enbridge submitted a narrative explanation of the allocation of costs for its regulated and unregulated storage activities.[4] Parties in that proceeding had the opportunity to review Enbridge's submission and to file interrogatories to better understand the nature of its cost allocation process and methods.

One of the provisions of Enbridge's ESM Settlement Agreement in its 2010 ESM proceeding was to address the allocation of costs between its regulated and unregulated storage operations. Specifically, part s, item 3 of the Agreement stated that:

> "For the purpose of reaching an overall settlement, no party opposes Enbridge's allocation of costs between regulated and unregulated storage activities for the purpose of determining the 2010 ESMDA amount. There is no agreement as to whether Enbridge's continued use of its current approach to allocating costs between regulated and unregulated storage is appropriate for future years. Enbridge agrees that, as part of the evidence in support of its 2013 application, it will file a study, prepared by an external expert, evaluating the appropriateness of the allocation of costs between Enbridge's regulated and unregulated storage activities. It is expected that the expert will provide a professional assessment of the methodologies used and recommendations for alternate approaches if, in their opinion, improvements can be made."[5]

Based on Enbridge's review of the proposals submitted in response to its Request for Proposal ("RFP"), Enbridge retained Black & Veatch Corporation ("Black & Veatch") to conduct the required study.

The purpose of this report is to present the results of Black & Veatch's review and evaluation of Enbridge's cost allocation process for its regulated and unregulated storage operations.

SCOPE OF THE REVIEW

Black & Veatch understands that Enbridge required a review of the cost allocation process and methods for its unregulated and regulated underground storage operations.

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[3] EB-2010-0042 Decision and Procedural Order, Settlement Agreement, Exhibit N1, Tab 1, Schedule 1, Page 9 of 14, dated July 10, 2010

[4] EB 2011-0008, Exhibit B, Tab 1, Schedule 6 and Appendices, filed on April 20, 2011

[5] EB-2011-0008, Decision and Order, Settlement Agreement, Exhibit N1, Tab 1, Schedule 1, Page 15 of 16, dated July 22, 2011.

Based on this requirement, Black & Veatch structured its review to include the following work tasks:

1. Review and evaluate Enbridge's current cost allocation methodology (and supporting accounting process) for its regulated and unregulated underground storage operations and make recommendations on any changes to the underlying assumptions and/or methodologies.
2. Prepare a written report which sets forth in detail the findings and recommendations of the review with respect to all material issues and methodologies, and which is structured in an appropriate format for submission to the Board and Enbridge's external stakeholders.

Finally, Black & Veatch's particular focus was on the level of storage-related costs that Enbridge incurred, and that were allocated to its two storage businesses, during 2011. This focus was taken because Enbridge's 2011 costs will be the subject of its 2011 ESM filing before the Board and because the allocation of costs presented by Enbridge in past ESM proceedings have already been accepted by the Board for ratemaking purposes. At the same time, however, Black & Veatch did review Enbridge's cost allocation methods and accounting results from prior years for continuity purposes and to better understand to what extent Enbridge's cost allocation treatment has evolved over time.

GUIDING CONSIDERATIONS AND AREAS OF CONCENTRATION

In conducting our review of Enbridge's cost allocation process for its unregulated and regulated storage operations, we were guided by the following considerations:

1. The fundamental and underlying philosophy applicable to every utility cost of service study pertains to the concept of cost causation for purposes of allocating costs to customer groups or service types.
2. Cost causation (or cost causality) addresses the question – *Which customer or groups of customers cause the utility to incur particular types of costs?* To answer this question, it is necessary to establish a linkage between a utility's customers and the particular costs incurred by the utility in serving those customers.
3. *A Key Consideration* – the ability to establish operating relationships between customer service requirements and the costs incurred by the utility in meeting those requirements (e.g., satisfying a customer's peak demand requirements through the incurrence of capacity-related costs to provide the required level of gas delivery service).
4. The three broad steps most often followed to perform utility cost of service studies: (1) cost functionalization; (2) cost classification; and (3) cost allocation will be utilized for this review as a framework for evaluating the various steps involved in Enbridge's current cost allocation process.
5. A utility's cost allocations should stand on their own objective merits (i.e., costs should be assigned to the classes or categories of service based on the design and operational considerations of the utility's system rather than on achieving results that support a desired outcome for the allocation of revenues to classes and/or rate design).
6. Consistency of structure, methodology, and computational details between Enbridge's cost allocation process used for separating its storage-related assets and expenses and the cost

allocation study it utilizes to evaluate the costs of serving its in-franchise customers and service offerings.

7. The Board's findings in the NGEIR Decision (EB-2005-0551).
8. The storage cost allocation methodology used by Union, and any decision made by the Board with respect to that methodology in the EB-2011-0038 proceeding.

We saw our primary roles and responsibilities in this project as follows:

- To understand the system planning, operation, and utilization of Enbridge's underground storage facilities to confirm that cost causation is properly reflected in its cost allocation and accounting processes;
- To understand the differences between the cost accounting for Enbridge's unregulated and regulated storage operations;
- To understand the cost transactions that comprise Enbridge's unregulated and regulated storage operations, including the allocation of costs of its current integrated storage system and its incremental storage facilities; and
- To provide sufficient commentary on our recommendations and supporting information pertaining to alternative cost allocation process and the related treatment of costs so that Enbridge can adequately evaluate our findings and decide whether or not to propose changes in its subsequent rate and regulatory filings with the Board.

These above-described elements defined the focus areas in which Black & Veatch concentrated its review and evaluation in this project. In our review of Enbridge's cost allocation process for its storage lines of business, Black & Veatch conducted its work in a manner so that it could determine:

- If Enbridge's cost allocation methodology for the allocation of costs between its regulated and unregulated storage operations had a conceptual basis that was grounded in sound and acceptable utility costing principles and the operational realities of its gas utility system.
- If there were certain regulatory precedents established by the Board that Enbridge recognized and incorporated into its cost allocation method.
- If Enbridge's cost allocation and accounting methods provided analytical and computational transparency (i.e., did it create a sufficient and verifiable audit trail - identification of input data sources, traceable information flows, identification of each computational step).

OVERALL ASSESSMENT

Based on the results of our review, Black & Veatch's overall assessment consists of the following observations:

1. The conceptual underpinnings and resulting methodologies upon which Enbridge's cost allocation process is based are generally well-conceived and reasonable in their treatment of storage-related plant and expenses. However, there are a few components of Enbridge's current cost allocation methods that Black & Veatch believes should be changed to better recognize the underlying cost causative factors of Enbridge's storage operations.

2. The manner in which Enbridge has presented its separation of costs between its regulated and unregulated storage operations in its past ESM Filings before the Board does not in all cases provide a sufficient level of detail and explanation to allow an outside party to understand, trace, and verify the underlying assumptions of the cost allocation methodology, computational processes, and to independently confirm the results.

RECOMMENDATIONS

Enbridge has considered Black & Veatch's discussions related to the first overall assessment item above and has proposed to revise certain of its current cost allocation methods for the following cost elements:

- **New General Storage Plant**
    1. Enbridge proposes to adopt the cost allocation treatment for new general plant depicted in Schedule 5 and to apply this method to the cost of its Sombra warehouse facility once it is completed and placed into service.

- **Storage Operations**
    1. Enbridge proposes to change its cost allocation factor for fixed storage costs to reflect a proper weighting of the cost drivers of annual capacity and deliverability, and has made minor modifications to the portion of costs it classifies as variable in nature.

    2. Enbridge proposes to eliminate from its current cost allocation process the use of an "Applicable Share" adjustment to certain costs included in the Storage Administration Cost Center (see page 2 of Schedule 6).

As a result of the second overall assessment item above, Black & Veatch recommends the following enhancements to Enbridge's computational process and evidentiary presentation:

1. Establish more robust documentation that readily allows the reader to clearly trace how Enbridge's regulated and unregulated storage costs are developed, which should include providing clear references for the cost allocation methods used in the calculation of the costs of Enbridge's unregulated storage operations. Black & Veatch believes that certain of the Schedules presented in this report should be incorporated into Enbridge's future evidentiary presentations before the Board on this subject.

2. Provide additional details to be able to trace Enbridge's elimination from its Utility Income of each particular expense item (e.g., gas costs, O&M expenses, property taxes, and depreciation expense) associated with Enbridge's unregulated storage operation, and the computational details to derive each eliminated amount.

3. The manner in which Enbridge splits the cost of new storage assets that replace existing storage assets with a capacity enhancement component between its regulated and unregulated storage operations (e.g., Enbridge's "Pool Metering Upgrades" project) should be detailed so that the basis for the determination of the cost split can be readily understood by an outside party.

BACKGROUND PERSPECTIVES

As a backdrop and to provide sufficient context to our subsequent detailed review of Enbridge's costing method for its storage lines of business, Black & Veatch initiated its work effort with a review of the operational characteristics and service offerings of Enbridge's integrated storage facilities. Specifically, our review addressed the following activities:

- The physical attributes and operations of Enbridge's Tecumseh storage facilities; and
- The nature and level of storage services available to Enbridge's ex-franchise customers.

In addition, we reviewed the relevant regulatory, ratemaking, and accounting aspects of Enbridge's regulated and unregulated storage operations to better understand the evolution of the issues, regulatory decisions, and implementation processes required to allocate costs to these activities and to account for them in Enbridge's financial statements and ratemaking filings before the Board.

OPERATIONAL

Enbridge's Tecumseh underground storage facilities are located in Southwestern Ontario, near the Dawn Hub, and have been in operation since the 1960s. Enbridge's storage operations consist of 11 storage pools with a total working capacity[6] of approximately 110 Bcf, with a peak deliverability of about 2.5 Bcf per day. In addition, Enbridge owns and operates the Crowland storage facility, which is a small gas storage field with a capacity of 0.4 Bcf located in the Niagara Region that is directly connected to Enbridge's gas distribution system. Included in the 110 Bcf capacity level, Enbridge also operates a 6.7 Bcf storage operation on behalf of, and for use by, Union (the Dow Moore and Black Creek storage pools). Enbridge's Tecumseh gas storage system is depicted in Figure 1. In addition, a summary listing of the operational characteristics of Enbridge's gas storage facilities is presented in Schedule 1.

Enbridge's storage facilities are directly connected to four (4) pipeline systems: the Vector Pipeline, Niagara Gas Transmission-Link Pipeline, TransCanada PipeLines Limited ("TCPL"), and Union. These pipeline interconnections enable Enbridge to provide gas storage services to markets in Eastern Canada, the Midwest U.S., and the Northeast U.S. Figure 2 shows the pipeline interconnections with Enbridge's Tecumseh storage operations. To reach Enbridge's gas utility franchise area in Central and Eastern Ontario, gas stored in the Tecumseh facilities flows over Union's Dawn-Trafalgar gas transmission system, and then through the TCPL system.

Regarding Enbridge's storage operations, its various storage pools are operated as an integrated system with each pool affecting the operation of the other pools throughout the injection and withdrawal periods.

[6] Also referred to as storage space

Figure 1
Enbridge's Gas Storage Facilities

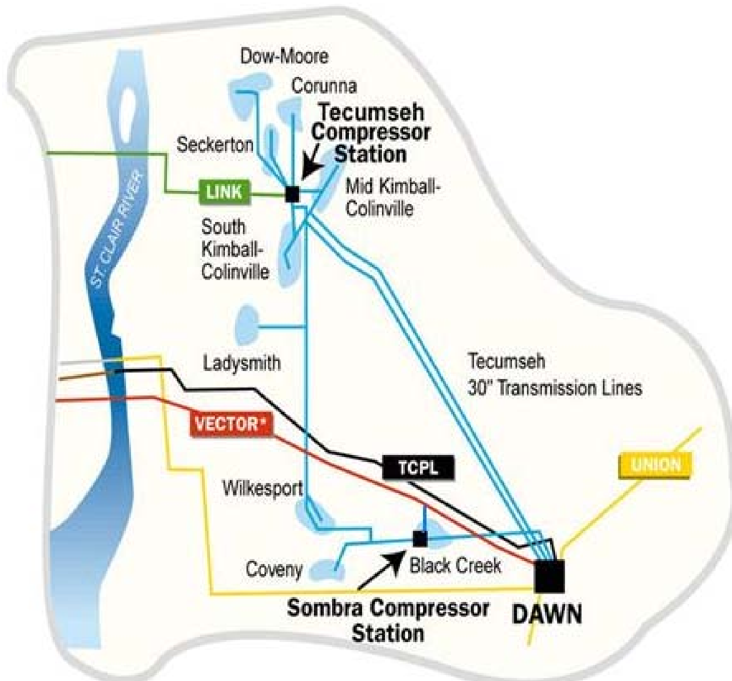
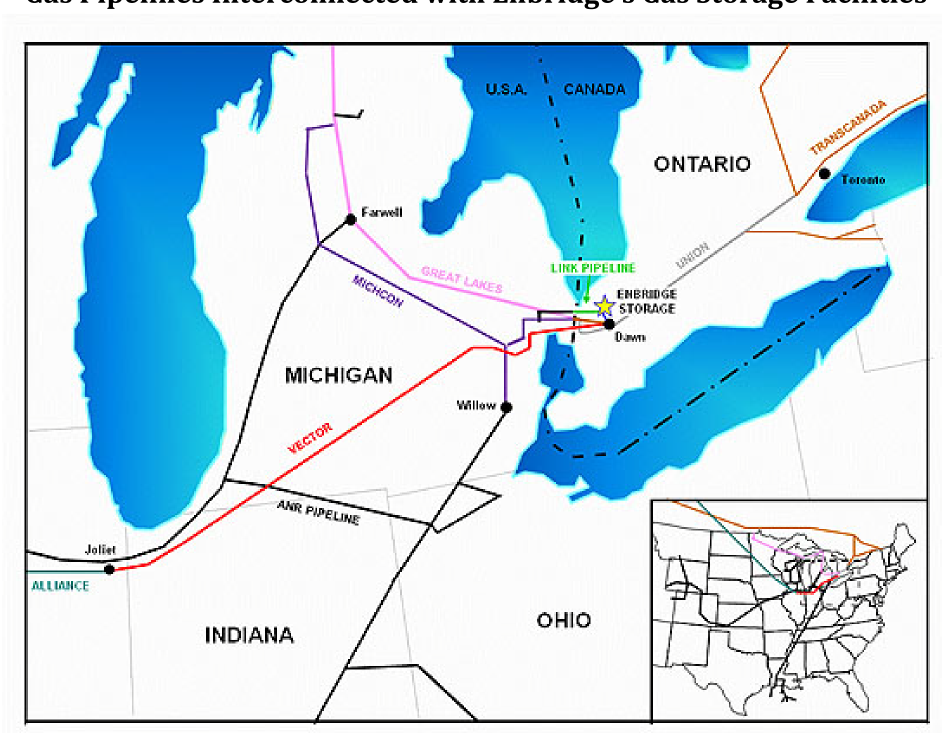


Figure 2
Gas Pipelines Interconnected with Enbridge's Gas Storage Facilities



STORAGE SERVICE CHARACTERISTICS

At the time of the NGEIR Decision, Enbridge required all of its owned storage capacity, in addition to approximately 20 Bcf of storage under multi-year contracts with Union, to serve its in-franchise customers (i.e., regulated utility customers) on a bundled basis. This situation continues to be the case today. In addition, Enbridge has certain larger customers who have chosen to opt out of bundled service by contracting with Enbridge for delivery and storage services on an unbundled basis. Due to the growth of these services over the years, Enbridge now requires approximately 21 Bcf of storage capacity from third-parties to meet its total in-franchise storage requirements.

Enbridge's in-franchise customers, and certain ex-franchise customers, are offered unbundled storage services under its Rates 315, 316, and 325, which are described below.

- Rate 315 – Gas Storage Service (for customers taking service under Rate 125 – Extra Large Firm Distribution Service and Rate 300 – Firm or Interruptible Distribution Service)
- Rate 316 – Gas Storage Service at Dawn (for customers taking service under Rates 125 and 300)
- Rate 325 – Transmission, Compression, and Pool Storage Service (with Union)

Enbridge also offers short-term storage services or Transactional Services ("TS") to third-party customers through the temporarily unused regulated utility storage assets that are considered surplus to its current in-franchise needs. These services have been offered in the marketplace by Enbridge since 1997. TS customers (who are typically more active in the gas market) have the ability to utilize Enbridge's storage services to create supply optimization opportunities premised upon the prevailing natural gas prices. Typical services consist of "park and loan" transactions that are of a short-term nature. "Parks" are services where a third-party injects gas into Enbridge's storage facilities through a TS arrangement for withdrawal at a later time, and "loans" are where the third-party first receives gas out of Enbridge's storage for redelivery to Enbridge at a future time.

To utilize Enbridge's storage resources in this manner, we understand that it is not uncommon for some of Enbridge's short-term storage service customers to cycle their storage inventory 2-3 times in one year (which results in storage transactional volumes equal to 4-6 times the physical storage space).[7] With such high cycling rates (i.e., high inventory turnover ratios), it is not unusual for Enbridge to experience volumetric activity levels for these customers that are much higher than the level of the underlying contracted storage space. In contrast, Enbridge' customers who contract for long-term storage services sometimes cycle their storage space less than once in a particular year (see Schedule 1 for Enbridge's storage turnover rates).

Based on the operational particulars of Enbridge's TS activities, the overall net impact of such transactions can act to offset the traditional seasonal operations of Enbridge's regulated storage activities. As a result, TS activities can serve to reduce the volume of gas that is physically injected into and withdrawn from storage which can generally increase the efficiency of Enbridge's

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[7] A customer that contracts for 10 PJ of storage space would be expected to have about 20 PJ of activity to complete one full storage cycle (10 PJ of injections to fill the contracted storage space and 10 PJ of withdrawals to empty the space).

integrated storage operations. At the same time, Enbridge generates incremental revenue from these transactions which is shared between its utility customers and Enbridge's shareholders under a Board approved sharing arrangement.

Enbridge has also been offering competitive storage services at market-based prices since 2008 to gas utilities, wholesale market participants, and power generation customers. These customers comprise Enbridge's unregulated storage market. To accommodate the needs of these customers, Enbridge has been investing since that time in its existing storage operation at Tecumseh to add incremental storage capacity and deliverability beyond the level that existed at the time of the NGEIR Decision. Currently, Enbridge has 12.2 Bcf of unregulated storage capacity. Enbridge also has plans to expand its existing storage facilities based on market demand to take advantage of other market opportunities as they arise such as U.S. Shale gas and gas-fired power generation needs. The level of Enbridge's incremental capital investments in storage for its unregulated operations and the accounting treatment of these investments will be discussed in detail later in this report.

The characteristics of the unregulated storage services offered by Enbridge include:

- Services are offered on a firm and interruptible basis and range from high deliverability (10 or 20 day service)to seasonal storage;
- Customers pay a monthly demand charge, as well as variable charges including the gas commodity and fuel;
- Contract terms that range from 1 to 20 years;
- Customers have the option to cycle gas volumes within their contractual parameters and pay variable charges on the cycled volumes; and
- Overrun services are available on a request basis for an additional fee and must be authorized by Enbridge in advance.

Schedule 1 also provides the annual level of activity for Enbridge's unregulated storage services from 2008 through 2011.

ACCOUNTING FOR STORAGE

To implement a separation model for Enbridge's regulated and unregulated storage operations, as required by the NGEIR Decision, there were three options available to Enbridge: (1) a functional separation; (2) an accounting separation; or (3) an asset divestiture. As pointed out earlier, the Board found that functional separation of the storage assets of Enbridge and Union was not necessary, nor was an asset divestiture a desired alternative in light of their integrated storage operations. Therefore, implementation of an accounting separation process was the only viable alternative for Enbridge to consider.

While the adoption of that approach created the need for the establishment of cost allocation methods to be applied to Enbridge's storage assets, direct expenses, and other indirect costs, the same type of comprehensive process required by Union at that time was not required by Enbridge because: (1) Enbridge required all of its storage assets to satisfy the storage service needs of its in-franchise customers; and (2) Enbridge was not providing unregulated storage services to the natural gas marketplace. A one-time asset separation, therefore, was not required by Enbridge to implement the Boards' findings in the NGEIR Decision. In addition, Enbridge's cost allocation study[8] that it had conducted on or around the time of the NGEIR Decision did not have to be directly relied upon (as was required in Union's case) because there were no storage-related costs that had to be assigned to Enbridge's unregulated storage operations - since the operation did not exist in late 2006.

Enbridge was required, however, on a going forward basis to structure an operational process to identify storage-related investments that were required to support its unregulated storage operations, an accounting process to maintain separate plant records, and an allocation process to assign storage-related expenses to its regulated and unregulated storage operations. The various processes established by Enbridge that have evolved over time have, in our opinion, been greatly influenced by the fact that Enbridge did not have to initially separate by the end of 2007 any of its storage-related assets between regulated and unregulated storage operations.

It is apparent to Black & Veatch that Enbridge's unregulated storage operations has been created in recent years to function as an integral part of an integrated storage operation that served the entirety of its regulated storage requirements on a standalone basis at the time of the NGEIR Decision. On that basis, Enbridge has chosen to utilize an incremental costing approach as a foundation for its identification and assignment of new storage assets to either the regulated or unregulated storage operations. The appropriateness of utilizing this type of a costing approach (in light of Enbridge's specific business situation) compared to a fully allocated costing method that recognizes the common plant characteristics of an integrated utility operation in the derivation of cost allocation methods will be discussed in more detail later in this report.

[8] Used as a guide to evaluate and determine Enbridge's regulated utility revenues and rates for its in-franchise customers.

COST ALLOCATION FOR ENBRIDGE'S STORAGE OPERATIONS

The purpose of this section is to detail the findings and recommendations of Black & Veatch's review and evaluation of Enbridge's cost allocation methods for its regulated and unregulated storage operations. With a basic operational foundation established, a review of Enbridge's cost allocation process structure and framework was conducted. The following areas were reviewed in detail:

- Phases or steps included in the cost allocation process.
- Organizational layout of and interrelationship between filed information and schedules which present Enbridge's cost allocation results.
- Flow of data and sequencing of steps within the cost allocation process.
- Degree to which the cost allocation process is presented on a "self-contained" basis (i.e., analyses and supporting data are an integral part of Enbridge's evidentiary presentation).
- Basis for the total storage cost of service reflected in the cost allocation results.
- The interrelationship and methodological consistency between Enbridge's cost allocation process for its storage operations and its 2007 Board-approved cost allocation study to derive the cost of service for its in-franchise (rate regulated) customers.

Black & Veatch evaluated each element of Enbridge's cost allocation process to determine if its methods and underlying computations were: (1) reflective of how the costs were incurred; (2) fair and equitable; (3) transparent and replicable by an outside party; and (4) consistently applied to each of Enbridge's investment and expense components.

PURPOSE

Enbridge's cost allocation process for its storage operations is used for the following purposes:

1. To separate the costs of Enbridge's unregulated storage operations from its regulated utility operations to properly account for the unregulated operations and to identify regulated storage costs for the purpose of setting Enbridge's regulated utility rates.
2. To identify and compile the results of Enbridge's unregulated storage operations to determine standalone utility financial results for earnings sharing purposes.

The results of Enbridge's cost allocation process for its storage operations are presented each year in its ESM proceeding (e.g., EB-2011-0008), and it is expected that the results will also be submitted in its 2013 rates application, where Enbridge will re-compute the underlying costs of its in-franchise customers to rebase its regulated delivery rates under incentive regulation.

STRUCTURE

Schedule 2 presents a high-level view of the overall functional process Enbridge follows to separate its regulated and unregulated storage costs. Enbridge's overall cost allocation process addresses nine (9) separate cost elements related to its underground storage operations, including:

1. New storage assets;
2. New general plant;
3. Other plant-related costs
4. Operating & maintenance expenses
5. Corporate administrative and general overheads
6. Unregulated business development and administrative costs
7. Cost of gas (fuel gas expenses and lost and unaccounted for gas)
8. Depreciation expense
9. Property tax

Each of these elements requires Enbridge to identify and compile the required input cost data, to select the direct assignment and/or cost allocation methods that are to be applied to the relevant costs, and to derive the costs associated with Enbridge's unregulated storage operations. As will be discussed in the next section, certain of these cost elements are allocated to Enbridge's unregulated storage operations on a one-time basis (as each new storage asset is added) while other cost elements are allocated to that business line on a monthly or annual basis using allocation factors that are updated periodically.

DATA SOURCES AND THE TIMING OF ENBRIDGE'S COST ALLOCATION PROCESS

Enbridge's on-going allocation of costs to its unregulated storage operations is premised upon, for the most part, the same sources of data that it utilizes to derive its total cost of service for regulated operations.

The timing of Enbridge's cost allocation process is presented in Schedule 3. There are two categories reflected in this Schedule, with costs allocated on: (1) an annual or monthly basis; and (2) a periodic basis. Schedule 3 presents the particular cost elements that comprise Enbridge's unregulated storage cost of service grouped according to these two categories. Details of the timing associated with Enbridge's cost allocation process are discussed in subsequent sections of this report.

FOUNDATIONAL ASPECTS OF ENBRIDGE'S COST ALLOCATION METHODS

As discussed earlier, Enbridge's unregulated storage operation has been created in recent years to function as an integral part of an integrated storage operation that served the entirety of its regulated storage requirements on a standalone basis at the time of the NGEIR Decision. On that basis, Enbridge has chosen to utilize an incremental costing approach as a foundation for its identification and assignment of new storage assets to either the regulated or unregulated storage operations. Under this approach, Enbridge reviews each of its asset additions to determine the cost drivers that explain the need for the new asset. These costs drivers include replacement or enhancement of existing assets, development of incremental capacity and/or deliverability, or some combination of these costs drivers. Because Enbridge has the specific operational knowledge of its storage operation to make this type of project-specific determination for each of its asset additions, it is unnecessary for Enbridge to rely upon a more generalized cost allocation method, such as a fully allocated costing approach, that presumes such assets cannot be directly attributed to either one of Enbridge's storage operations. More generally, a fully allocated costing approach is regularly relied upon in utility cost allocation studies to allocate the costs of common or joint-used assets because the utility does not have the knowledge or data to identify which specific assets should be assigned to particular rate classes over the life of the utility's gas system.

If a fully allocated costing approach was applied to Enbridge's total storage assets (regulated and unregulated businesses), its unregulated storage operation would be allocated between approximately $32 million (using an Annual Capacity factor) and $49 million (using a Daily Deliverability factor), or about $41 million if those two allocation factors were weighted equally in the allocation process. However, Black & Veatch does not view this result as properly reflecting the cost causative factors associated with Enbridge's asset additions over the 2007-2011 timeframe. As will be discussed in greater detail later in this report, under Enbridge's current cost allocation method for its new storage assets, its unregulated storage operation has been assigned about $84.4 million in net storage plant through the end of 2011. In Black & Veatch's view, it is appropriate for Enbridge to utilize an incremental costing approach for its new storage assets because it best reflects the cost causative factors which drive the level of asset costs incurred by Enbridge to serve its unregulated storage market.

STORAGE-RELATED ASSETS

This section describes the evolution of Enbridge's storage operations since the NGEIR Decision and the treatment of Enbridge's new asset additions and asset retirements within its cost allocation process for storage operations.

Enbridge's Regulated Storage Assets

At the time of the NGEIR Decision, the 2007 gross value of the storage assets supporting Enbridge's existing regulated storage operation was approximately $261 million, with a net plant investment of about $175 million. Since 2007, Enbridge has made modest investments in its regulated storage operations primarily to replace or recondition facilities that have through age, use, or obsolescence, come to the end of their useful lives. In addition to these "maintenance-related" projects, Enbridge also has had to make capital expenditures for its regulated storage operations to ensure continued compliance with safety, environmental, and technical requirements. Examples of such expenditures recently made by Enbridge include: noise and exhaust emission enhancements to compressor facilities and improvements to its gas measurement and gas inventory observation facilities.

Table 1 below presents Enbridge's net plant in service for its regulated storage operations for the years 2007 through 2011.

Table 1
Enbridge Gas Storage Assets – Regulated Operation
Net Plant Balances at Year End
($ millions)

ASSET DESCRIPTION	PLANT ACCOUNT	2007	2008	2009	2010	2011
Land & Land Rights	450/451	22.5	21.4	20.4	21.1	20.2
Structures & Improvements	452	6.5	6.5	6.5	9.6	9.5
Wells	453	12.4	12.4	13.4	20.7	22.5
Well Equipment	454	3.8	4.0	4.3	4.6	4.3
Field Lines	455	27.6	26.8	26.7	25.9	38.4
Compressor Equipment	456	54.3	56.7	59.4	60.8	61.5
Measuring & Regulating Equipment	457	7.3	7.0	6.8	6.6	6.2
Base Pressure Gas	458	40.8	40.8	40.8	40.9	40.9
Total		$175.2	$175.6	$178.3	$190.2	$203.5

The costs of any other investments made by Enbridge over the 2007-2011 timeframe that were designed to add storage capacity and deliverability to its existing gas storage system were all assigned to Enbridge's unregulated storage operations.

Enbridge's Unregulated Storage Assets

In 2007, Enbridge began its investment program to add capacity and deliverability to support its newly created unregulated storage operation. From that time through 2011, Enbridge has invested approximately $88 million in gross plant additions in four major storage-related capital programs. These programs have included the drilling of additional wells into Enbridge's existing storage pools and the installation of additional pipelines, compression, gas dehydration, and measurement capacity. Some of the additional metering capacity has been added at the custody transfer point into Union's gas transmission system at Dawn and some has been created at a new custody point into the Vector pipeline system.

As a result of these capital programs, Enbridge has created new storage capacity and deliverability that it has offered to the competitive gas market. In total, these projects have resulted in the development of about 12.2 Bcf of total storage capacity and incremental withdrawal capability of 400 MMcfd at the end of 2011 (see Schedule 1). Without these capital investments made by Enbridge, none of its new storage capacity would be available to provide services to its unregulated storage market.

Table 2 below presents Enbridge's net plant in service for its unregulated storage operations for the years 2007 through 2011.

Table 2
Enbridge Gas Storage Assets – Unregulated Operation
Net Plant Balances at Year End
($ millions)

ASSET DESCRIPTION	PLANT ACCOUNT	2007	2008	2009	2010	2011
Land & Land Rights	450/451			0.4	1.1	1.1
Structures & Improvements	452			0.0	0.0	0.0
Wells	453		3.9	7.2	10.0	9.6
Well Equipment	454		0.0	0.0	0.0	0.0
Field Lines	455	1.3	8.5	14.6	14.6	14.2
Compressor Equipment	456	7.1	9.9	11.9	20.1	20.6
Measuring & Regulating Equipment	457		0.0	0.4	0.3	0.3
Plant Not Classified (1)	458		14.1	12.8	3.6	38.6
Total		$8.4	$36.4	$47.3	$49.7	$84.4

(1) 2011 amount related to the capitalization of Project Nexus – a gas storage expansion project

Based on Enbridge's cost allocation method and the results reflected in Tables 1 and 2, approximately 29% of Enbridge's total net storage plant (as of December 31, 2011) has been assigned to its unregulated storage operation.

To understand and verify the manner in which these plant account balances were derived, Black & Veatch reviewed Enbridge's detailed plant accounting data for its gross plant and accumulated depreciation reserve entries from 2007 through 2011. Schedule 4 presents the annual derivation of Enbridge's net plant balances for its unregulated storage operations. This analysis verified that Enbridge's net plant balances presented in Table 2 were accurate and that they could be replicated from the more detailed plant information.

New Storage Assets

Enbridge has developed and implemented a cost allocation process that assigns the cost of its storage investments to its regulated and unregulated storage operations. The method is premised upon the proper reflection of cost causative principles. Specifically, Enbridge has developed the following investment categories to facilitate the grouping of its storage-related investment according to the factors which cause each investment to be made:

1. Replacement of Existing Storage Assets
2. Development of Incremental Storage Capacity
3. Replacement of Existing Storage Assets with a Capacity Enhancement Component

4. General Storage Plant

Each of these investment categories are described in further detail below. It should be noted that the above-described process requires the allocation of individual assets in order for Enbridge to create and maintain on a going forward basis the proper plant accounting records at the individual asset level for its unregulated storage operations.

Replacement or Enhancement of Existing Storage Assets

These projects consist of storage-related assets that are installed to replace Enbridge's existing assets supporting its storage operations. The nature of these projects serve to maintain the facilities and service capabilities whether they completely replace the asset, recondition the asset, or bring the asset into regulatory or environmental compliance. In all cases, the capital costs of these new facilities are directly assigned to Enbridge's accounts and/or entity of the original assets.

Black & Veatch reviewed Enbridge's projects in this category and confirmed that the capital costs of each asset addition were treated in a manner consistent with its current cost allocation methods. As an example, Enbridge's "K708 Compressor Power Cylinder Liner Replacement" project was undertaken in 2011 to replace the cylinder liners on one of its compressor engines at Tecumseh. These liners deteriorate over time from wear and must be replaced, which means that this is a "maintenance capital" type project. Since this compressor engine was originally installed to meet the storage needs of Enbridge's regulated storage operation, Enbridge concluded that it was appropriate to directly assign the cost of this new asset to the regulated utility business.

Another example of an asset replacement or enhancement project is Enbridge's drilling of the Tecumseh Seckerton #20 pressure observation well in a location adjacent to the Seckerton storage pool. The drilling of this well, and others, was recommended by reservoir consultants to Enbridge. The well may confirm the presence of porous rock zones in proximity to the storage pool, and the presence of gas volumes in those zones that would indicate communication with the pool. The well enhances Enbridge's understanding of the Seckerton storage pool and helps to raise the quality of its gas inventory management to a standard that is consistent with storage industry practice. Because the well enhances Enbridge's understanding of the Seckerton storage pool, which is a regulated asset, its cost has been charged to the regulated storage operation.

Based on its review of these projects, Black & Veatch agrees with the costing treatment of these assets.

Development of Incremental Storage Capacity

These projects consist of storage-related assets that are installed to provide Enbridge with new storage capacity or deliverability. Since the storage needs of Enbridge's regulated utility business continue to be fully satisfied by the storage-related assets (and third-party storage) that existed at the time of the NGEIR Decision, the capital costs of these new facilities are directly assigned to Enbridge's unregulated storage operation.

Black & Veatch reviewed Enbridge's projects in this category and confirmed that the capital cost of each asset addition was treated in a manner consistent with its current cost allocation methods. As an example, Enbridge's "Drilling of TKC 61H" project was undertaken to drill a new storage injection/withdrawal well. This well was a relatively high cost, horizontal well drilled into

Enbridge's Mid-Kimball storage pool. Since this well was drilled to satisfy the incremental storage capacity needs of Enbridge's unregulated storage operation, Enbridge concluded that it was appropriate to directly assign the cost of this new asset to its unregulated storage business.

Another example is Enbridge's "Ladysmith Gathering Pipeline" project which was undertaken to provide greater gas flow capabilities into and out of the Ladysmith storage pool, while making available some capacity on the Wilkesport gathering pipeline. This project optimized Enbridge's storage system, thereby, creating a greater level of storage capacity at Enbridge's custody transfer points to serve its unregulated storage market. As a result, Enbridge concluded that it was appropriate to directly assign the cost of this new asset to its unregulated storage business.

Based on our review of these projects, Black & Veatch agrees with the costing treatment of these assets.

Replacement of Existing Assets with a Capacity Enhancement Component

These projects consist of storage-related assets that are installed to replace Enbridge's existing assets and to provide incremental storage capacity or deliverability. For example, it may be necessary for Enbridge to replace a utility asset at the end of its useful life, but where the replacement asset is sized to provide additional capacity beyond that of the original asset. Importantly, the replacement of the asset is driven by the fact that it is no longer technically capable of providing the service for which it was intended and that Enbridge needs to replace the asset to maintain the level of storage service required by its regulated utility customers.

Under this scenario, Enbridge's regulated utility operation would be charged the portion of the capital costs that it would have incurred if it were to have replaced the asset on a like-for-like basis. And, on that basis, its unregulated storage operation would be charged for the incremental costs that would have resulted from the higher capacity asset. This would include both the cost of the incremental capacity and the cost of any of the system design changes that might have been required to accommodate the different asset. In other words, the portion of the total asset cost that will be booked to Enbridge's regulated storage operation will be no more, and may be less, than would have been incurred had the replacement asset been sized simply to replace the original asset.

Conversely, in a scenario where the asset is not at the end of its useful life, but where its replacement is driven by the operational needs of Enbridge's unregulated storage operation, then it would be charged for the entire cost of the replacement. Finally, we understand that the relative proportions of the replacement assets will be noted by Enbridge in the asset accounts of both its storage operations.

Black & Veatch reviewed Enbridge's projects in this category and confirmed that the capital cost of each asset addition was treated in a manner consistent with its current cost allocation methods. As an example, Enbridge's "Replace Corunna and Seckerton Pool Gathering Pipelines" project was undertaken after a review of the existing wellhead and gathering line facilities of the Corunna and Seckerton storage pools to determine their appropriateness for the delta pressuring of the pools to create additional unregulated capacity. This review revealed that those facilities would have to be replaced to allow for the needs of Enbridge's higher pressure, unregulated storage service. Since this replacement would not have otherwise occurred because the existing facilities were suitable to continue to provide storage services to Enbridge's regulated utility customers, Enbridge concluded that the entire cost of this replacement should be assigned to its unregulated storage operation. Based on our review of this project, Black & Veatch agrees with the costing treatment of these assets.

Another example is Enbridge's "Pool Metering Upgrades" project which was undertaken to provide more accurate measurement of total pool volumes, energy content, and injection/withdrawal volumes. Enbridge was required to replace its older metering technology with current technology metering equipment. At the same time, certain gathering line changes were required to accommodate the storage capacity and deliverability needs of the unregulated storage operation, so the total cost of the project was much higher than if only the metering facilities were replaced.

To reflect the cost consequences of this configuration of facilities, Enbridge designed and estimated the cost of this project assuming two design scenarios – with and without the incremental asset requirements of the unregulated storage business. The incremental costs of the project were caused by higher pressure-rated materials, additional growth elements in the facilities design, and the different physical configuration of the gathering facilities supporting the unregulated storage operation. As a result, Enbridge concluded that it was appropriate to assign the replacement cost of the metering facilities to its regulated storage business, with all other costs of the project assigned to its unregulated storage operation.

Although there are still certain project costs that have yet to be incurred, the estimated cost at completion is expected to be about $36.2 million. Of this amount, approximately $21.0 million or 58% of the total project costs will be charged to Enbridge's regulated utility business with the balance of approximately $15.2 million or 42% of the total project costs to be assigned to its unregulated storage operation. Black & Veatch agrees with Enbridge's expected costing treatment of these assets.

General Storage Plant

General plant assets consist predominantly of structures such as office and utility buildings, warehouses, sheds, and parking lots that do not directly support the capacity and deliverability of Enbridge's storage operations. Under Enbridge's current cost allocation process, if the general storage plant asset is designed to meet an incremental need of either of its two storage operations, Enbridge will assign the entire cost of that asset addition to the particular operation that had the direct need for that asset. If the project is driven more by the general needs of its integrated storage operation, Enbridge will allocate the cost of that asset to both operations based on an allocation factor that best reflected the cost causative characteristics of the facility's design and intended purpose.

During the course of this project, Black & Veatch had a number of discussions with Enbridge staff who are involved in the day-to-day operations, asset investment evaluations and decisions, and accounting treatment of its unregulated storage operations. One of the discussion topics was the appropriate cost allocation treatment of Enbridge's general storage plant. Enbridge has not had an asset addition to its general storage plant since the NGEIR Decision so it did not have any real world examples to consider for cost allocation purposes. From our discussions, we were of the view initially that Enbridge would likely directly assign to its regulated storage operation the cost of any replacement of, or enhancement to, its general storage facilities simply because the original asset had existed previously to only support the regulated storage operations.

Our further discussions also indicated that Enbridge does have under construction currently a storage (warehouse) building located at its Sombra Compressor Station. The Sombra Storage Building project will support Enbridge's integrated storage operation and will be used to store Glycol, compressor parts, and other storage-related materials. Black & Veatch understands that this planned asset addition was originally viewed by Enbridge as a facility which solely supported its regulated storage operation. On that basis, Enbridge intended to assign the entire capital cost of this asset to its regulated storage operation. After further evaluation of the purpose and expected utilization of this facility, Enbridge has revisited the assignment of capital costs for this project. The Sombra facility is not an asset replacement project and it has been sized to provide some additional space to house certain materials that are required for the unregulated storage operation. As a result, the capital cost of this facility should be assigned to both storage businesses using an allocation basis that reflects the joint use of the facility.

More generally, the treatment of the Sombra facility for cost allocation purposes has caused Enbridge to consider revising its current cost allocation process for storage-related assets. One option would be to assign a portion of the asset to each of Enbridge's two storage businesses by developing an allocation factor which is based upon the amount of storage space required for each storage business. Another option would be to treat the capital costs as an overhead item and to allocate those costs on a corporate-wide basis as a function of each cost center's direct costs. Enbridge has proposed to treat such assets as "Corporate General Plant" as other similar assets are treated within the Enbridge organization. We understand that Enbridge normally treats Corporate General Plant as an overhead cost element and apportions such costs across its various cost centers through its A&G overhead factors. Under that method, Enbridge's unregulated storage operation would share in the cost of this facility in the same way it does for all of Enbridge's other general plant facilities. Based on our understanding of that process, Black & Veatch believes that Enbridge's proposed method is a reasonable basis for the cost allocation treatment of general storage plant.

Enbridge's Capital Project Assessment Process

Schedule 5 presents a flowchart of the assessment process that Enbridge follows to assign the costs of storage-related capital projects to its regulated and unregulated storage operations. The decision criteria in this flowchart reflects the cost attribution characteristics described above for each category of Enbridge's storage assets, including its proposed treatment of general storage plant. Black & Veatch recognizes that the process reflected in Schedule 5 has become more formalized in recent times as Enbridge has invested in each type of storage asset and gained greater insights into the factors causing the investments to be made in these assets. One proposed addition that Black & Veatch recommends to Enbridge's capital project assessment process is to include the gas storage characteristic of deliverability in the description of projects that should be charged directly to Enbridge's unregulated storage business.

Based on our review of individual new storage assets added by Enbridge since 2007 to support its regulated and unregulated storage operations, Black & Veatch concludes that Enbridge has applied its cost attribution process to new storage assets in a consistent manner. This conclusion was based upon our evaluation of the examples of storage assets presented above (and others) within the context of Enbridge's current capital project assessment process reflected in Schedule 5.

Other Plant-Related Costs

For each of its storage-related projects, Enbridge reflects a total cost level that includes all of the materials and third-party service costs that are incurred in the design, construction, and commissioning of the facility. In most cases, the project will also require time and effort from Enbridge staff, with much of that being provided from its Gas Storage Operations staff located near its Tecumseh storage operation. In addition to these costs, each project also is charged for Interest during Construction ("IDC") and administration and general corporate overheads.

These cost components are described below:

Internal Labor

All Enbridge staff members working directly on each capital project maintain time sheets that accumulate the time spent on the project. Those time sheets are processed on a regular basis, and the time is charged at the hourly equivalent rate for that staff member.

Corporate Administrative and General ("A&G") Overheads

Enbridge charges corporate A&G costs to the new storage assets of its unregulated storage operation in the same manner as it does for its O&M costs (as will be described later). The hourly salary rates for Enbridge staff working on those projects are grossed-up to include corporate A&G and an amount associated with the expected performance-based payout inherent in Enbridge's employee compensation plan. Together, these amounts result in an overhead factor of approximately 65% to 70% which is applied to each staff member's base salary level.

Contractor and Materials

All third-party services and materials costs related to Enbridge's unregulated storage projects are charged directly to its unregulated storage accounts.

Interest During Construction ("IDC")

Enbridge assesses an IDC charge to all unregulated storage projects in the same manner that it does for its utility capital projects.

STORAGE-RELATED EXPENSES

With the commencement of its unregulated storage operations, and the operation of its larger, integrated storage facilities, Enbridge's total O&M costs have increased over time as its unregulated storage operation has grown. There are additional storage-related facilities to operate and maintain, and more gas volumes being transacted. Some specific O&M costs have increased generally, more or less in proportion to the increase in storage activity; while others have increased only marginally, or not at all. As additional capacity and deliverability is added to Enbridge's integrated storage operations in the future, it is understood that these costs may increase in a stair step manner in recognition of the added manpower requirements that could be caused by Enbridge reaching a higher level of storage activity.

Table 3 below presents Enbridge's total storage O&M costs for its regulated storage operations for the years 2007 through 2011. Table 4 which follows presents Enbridge's total storage O&M costs for its unregulated storage operations for the years 2007 through 2011.

Table 3
Enbridge Gas Storage – O&M Costs
Regulated Storage Operation

EXPENSE CATEGORY (1)	2007	2008	2009	2010	2011
Labor	$3,361,251	$3,574,771	$3,607,253	$3,835,016	$4,299,598
Supplies	$1,061,065	$1,152,423	$1,022,099	$1,348,299	$1,365,079
Consulting Services	$1,480,086	$1,416,565	$1,468,205	$2,146,386	$1,482,801
Other Operating Expenses	$2,314,434	$2,223,109	$2,501,334	$2,653,088	$2,355,530
Property Taxes	$1,321,560	$1,180,933	$1,331,352	$1,425,708	$1,611,240
Labor Credits and Other	($1,044,216)	($1,279,375)	($1,400,056)	($2,036,650)	($2,358,964)
Total	$8,494,180	$8,268,426	$8,530,187	$9,371,847	$8,755,284

(1) Excludes A&G Overhead amounts

Table 4
Enbridge Gas Storage – O&M Costs
Unregulated Storage Operation

EXPENSE CATEGORY (1)	2007	2008	2009	2010	2011
Labor	$143,821	$117,253	$506,108	$491,619	$391,669
Supplies	$136	$483	$19,652	$165	$2,687
Consulting Services	$85,016	$19,413	$166,735	$183,663	$180,294
Employee Expenses	$10,058	$14,965	$27,785	$752	$29,314
Other Operating Expenses	$6,667	$41,593	$404,052	$1,083,138	$1,401,631
Property Taxes (1)		$156,000	$73,656		
Subtotal	$245,698	$349,707	$1,197,988	$1,759,337	$2,005,595
Labor Credits and Other	($8,895)	$10,995	($75,167)	($51,740)	($59,114)
Total	$236,803	$360,702	$1,122,821	$1,707,597	$1,946,481
Direct Assignment	$230,136	$319,109	$718,769	$624,459	$544,850
Allocated Amount	$6,667	$41,593	$404,052	$1,083,138	$1,401,631
Total	$236,803	$360,702	$1,122,821	$1,707,597	$1,946,481

(1) An allocated amount is included in Other Operating Expenses in 2010 and 2011

To determine an appropriate cost allocation basis for its O&M costs, Enbridge evaluated each of its cost categories to establish a relationship between the various service requirements of storage and the costs incurred by Enbridge in serving those requirements (i.e., what are the cost drivers?). Unlike the asset side of Enbridge's storage operations, where a clearer determination could be made of which of Enbridge's two storage operations caused the new asset addition, O&M expenses are more generalized in nature, and in many cases, they support the entirety of Enbridge's integrated storage operation. This fact makes it difficult to determine with certainty which of Enbridge's two storage operations cause these costs to be incurred. As a result, most of Enbridge's O&M expenses are allocated and shared on the basis of the relative proportions of the total storage capacities and, in some cases, the actual storage activity of its regulated and unregulated storage operations.

Enbridge derives storage-related expenses for its unregulated storage operations on a monthly basis to reflect the latest operating activity supporting that business. Enbridge first identifies the costs of certain storage-related activities that can be directly attributed or assigned to its unregulated storage operations. Enbridge's unregulated storage business has an Unregulated Storage Group that is dedicated to managing and administering all aspects of that business. All other activities and associated costs which support Enbridge's integrated storage operations must be allocated between its regulated and unregulated storage operations. An assessment of the appropriate costing treatment was made by Enbridge for each of the various cost elements that supports Enbridge's storage operations. Each of Enbridge's cost elements that support (either directly or indirectly) its unregulated storage operations, and the associated allocation methods, is described below.

Storage Operations

Enbridge incurs certain operating costs that can be directly identified with its unregulated storage operations. These activities consist of staff time and a variety of other expenses associated with Enbridge's Unregulated Storage Group described earlier. The costs of these activities are charged to a cost center that is specific to the unregulated storage business.[9]

For cost allocation purposes, Enbridge has determined that the costs of its storage operations can either be classified as fixed or variable in nature. Enbridge has defined fixed costs as those that do not vary with the levels of storage activity, and variable costs as those that do vary with activity. This approach is similar to the designation of demand and commodity costs as used in a utility's traditional cost allocation study. This cost classification process is dependent upon the degree to which the particular cost is observed to vary with Enbridge's storage activity. If a particular cost does not change materially with the level of actual storage activity, then Enbridge classifies that cost as 100% fixed. Conversely, for costs that do vary materially as the level of actual storage activity changes, Enbridge classifies these costs as 100% variable. Examples of variable costs are other materials such as compressor and crankcase oil, glycol, and outside services such as electricity.

Enbridge has evaluated each of its cost elements to determine how the particular cost should be classified. In most cases, it was a straightforward process for Enbridge to determine definitively

[9] Enbridge Gas Distribution - Cost Centre 25371 – Unregulated Storage

that the cost element was fixed in nature. For certain other cost elements, Enbridge was required to apply management judgment by those staff members closest to the underlying activities to determine the relative proportion of costs that were fixed and variable in nature.

The operating expenses that are deemed to be relatively fixed are allocated between Enbridge's regulated and unregulated storage operations based upon their relative share of Enbridge's total available storage capacity. This means that, as the unregulated storage business grows, the unregulated business will be charged for an increasing share of Enbridge's fixed storage operating costs.

For those operating costs that vary with the levels of storage activity, Enbridge allocates such costs using the actual costs incurred in each month, and the relative share of the total actual storage activity for the regulated and unregulated storage operations for that same month. In that way, Enbridge's unregulated storage business, which may exhibit a more volatile activity profile than the more traditional use of storage by the regulated utility customer, would pay a higher share of these variable costs in months when its customers required a disproportionately greater level of storage activity.

To better understand and verify how Enbridge conducts its above-described cost allocation process, Black & Veatch analyzed the storage-related expenses incurred by Enbridge each month during calendar year 2011 and the level of costs that was directly assigned or allocated to its unregulated storage operations. To illustrate the cost allocation process that Enbridge follows, Schedule 6 presents a series of detailed storage cost accounting sheets for calendar 2011 and for the month of November 2011 (which reflect expenses that are charged in December). Page 1 of Schedule 6 presents a summary of the allocation of O&M costs to Enbridge's unregulated storage operation for 2011. There are four Cost Centers associated with Enbridge's gas storage operations: (1) Storage Administration - 25121; (2) Storage Operations - 25122; (3) Storage Maintenance - 25123; and (4) Field Maintenance - 25124. The total allocated amount of $1,401,567 presented on page 1 of Schedule 6 is brought forward to Table 4 presented above.[10]

For each month, there are four (4) Operating Cost Reports by Cost Center that reflect the allocation of costs between Enbridge's regulated and unregulated storage operations (see Pages 2-5 of Schedule 6). Each sheet details the allocation of costs by individual cost element, the derivation of the fixed and variable allocation factors based on the shares of storage capacity and storage activity, respectively, and the resulting total costs to be charged to Enbridge's unregulated storage operation.

At the end of each month, Enbridge charges the total allocated costs for each of these Cost Centers to its unregulated storage operation through adjustments to its General Ledger Journal, which results in the inclusion of these costs in the December 2011 Operating Cost Report[11] for Enbridge's

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[10] An unexplained discrepancy of $64 exists between the amounts recorded in Enbridge's Monthly Operating Cost Reports for 2011 (see page 1 of Schedule 6) and the total amount recorded in the "Other Operating" line entry (70899) in its Operating Cost Report for 2011 for Cost Center 25371 – Unregulated Storage (see page 6 of Schedule 6).

[11] There is a one-month lag in the booking of the allocated storage costs in the Operating Cost Report of Enbridge's unregulated storage operation.

unregulated storage operation. Page 6 of Schedule 6 is a copy of the Operating Cost Report for December 2011 for Enbridge's unregulated storage operation, which shows the inclusion of the allocated storage costs for calendar 2011 in the line identified as "70899 Other Operating" under the column "Year to Date – Actual."

Black & Veatch believes that the manner in which Enbridge allocates costs in this category to its two storage operations should be reflective of the cost causative factors that give rise to these costs. While Black & Veatch agrees that storage capacity (or space) and storage activity are two important attributes of a utility's storage operations, storage deliverability also is an important cost driver. In its past filings, Enbridge has not explicitly recognized storage deliverability in its cost allocation methods. When Black & Veatch questioned Enbridge concerning why it did not classify storage-related O&M costs according to the cost classification categories of Deliverability and Space that were used in its Fully Allocated Cost Study, Enbridge responded as follows:

> "Because of the nature of the unregulated storage services, and the likelihood that gas volumes for unregulated customers would be cycled several times in a year, it was felt that activity was a fairer basis for cost allocation. A deliverability classification, as used for the more traditional, single cycle needs of the utility customers, would have recognized the higher deliverability characteristics of the current unregulated storage business but would not have recognized the multiple-cycling nature of the unregulated storage contracts. It is felt that basing the allocation on activity, and not deliverability, would capture both the higher deliverability and multiple-cycling cost implications of these services."

Black & Veatch understands Enbridge's response and agrees with the view that it is more appropriate to allocate certain of these costs using an allocation factor based on storage activity because it better reflects the storage requirements of its unregulated storage operations. However, Black & Veatch does not agree with the conclusion that storage activity also serves as a good proxy for storage deliverability. In Enbridge's most recent fully allocated cost study, it classified Tecumseh Gas' storage-related costs, and the costs based on contract arrangements with Union, according to three distinct types of service:

1. An annual component for space or capacity
2. A variable component (activity) for each unit of gas injected into or withdrawn from storage
3. A peak component (deliverability) for the maximum daily rate at which the gas may be withdrawn from storage.[12]

Enbridge classified approximately 40% of its total storage-related cost of service of Tecumseh Gas (excluding its commodity-related costs) as capacity ("Annual Demand") and 60% of these costs as deliverability ("Daily Demand").[13] Enbridge's subsequent allocation of these costs was performed recognizing the same 40/60 proportion of Annual Demand and Daily Demand. In contrast, Enbridge has allocated a much smaller percentage of costs to its unregulated storage operation

[12] EB-2006-08-25, Exhibit G2, Tab 1, Schedule 1, Page 16 of 26.
[13] EB-2006-08-25, Exhibit G2, Tab 7, Schedule 3, page 1.

using an allocation factor based on actual monthly storage activity compared to the 60% of costs described above which are allocated on a daily deliverability basis. Referring to pages 2 through 5 of Schedule 6, the total costs in November 2011 allocated on the basis of actual monthly storage activity equaled only about 6%, while the remaining 94% of the total costs were allocated on storage capacity. In Black & Veatch's opinion, this comparison shows that Enbridge's current cost allocation method which assigns storage O&M costs to its unregulated storage operation underemphasizes the cost driver of storage deliverability and overemphasizes the cost driver of storage capacity. As a result, Black & Veatch believes that this allocation method does not reflect the cost causative factors that are relied upon by Enbridge when classifying and allocating these same costs in its fully cost allocation study. Based on this situation, Black & Veatch conveyed to Enbridge during our discussions related to this study that it should consider changing its allocation factor for fixed storage costs to reflect a proper weighting of the cost drivers of capacity and deliverability.

As a result of Black & Veatch's discussions on this subject, Enbridge has re-examined each of the operating and maintenance expense categories for the four cost centers reflected in Schedule 6 and has determined that certain allocation factors should be revised to recognize storage deliverability as a distinct cost driver. As part of this re-examination, Enbridge also made minor revisions to the allocation treatment for certain costs that it believed were impacted differently by storage activity based on the nature of the business activity and with the recognition of deliverability as a cost allocation factor. Schedule 7 presents Enbridge's detailed storage cost accounting sheets for the month of August 2011 (which reflect expenses that are charged in September) with the revised allocation factors it proposes to establish for the assignment of fixed and variable expenses incurred to support its regulated and unregulated storage operations.

Black & Veatch has reviewed the revised cost allocation methods established by Enbridge for its storage operating expenses and concludes that they are reasonable and appropriate. Enbridge's cost allocation methods and cost allocation factors are reflective of the manner in which similar types of costs are treated in its fully allocated cost of service study and the judgments of the staff who are regularly involved in the day-to-day management and operations of its gas storage businesses.

One additional minor issue that was identified by Black & Veatch pertained to Enbridge's use of an "Applicable Share" adjustment to certain costs included in the Storage Administration Cost Center (see page 2 of Schedule 6). Enbridge first reduces the actual total labor costs in this area by 5% (a 95% Applicable Share amount) to recognize that one FTE in the business group does not provide any services to the unregulated storage business. As discussed earlier, Enbridge's Unregulated Storage Group provides dedicated managerial and administrative support to the unregulated storage business. As such, Enbridge views an allocation of 100% of the labor costs of the Storage Administration Cost Center as creating an over-allocation of these costs to its unregulated storage operation.

Our concern is that if Enbridge relies upon a fully allocated costing basis to assign O&M costs to its unregulated storage operation, it is inappropriate to first eliminate certain costs from the allocation process. This is because the validity in utilizing a generalized allocation factor is premised upon it being applied to all costs being assigned. The application of the particular allocation factor (e.g., 11% for storage capacity) presumes that a portion of the time spent by all staff represents a fair allocation of total costs between the two storage businesses, irrespective of the specific activities on any one staff member. While Enbridge believes that a particular staff member does not spend 11% of the workday supporting its unregulated storage operation, its use of a fully allocated costing method also means that Enbridge has implicitly accepted the premise that staff may spend a greater or lesser amount of time than the 11% level inherent in the allocation factor, but that overall, each of the staff spends an average of 11% on unregulated storage activities.

While Black & Veatch understands that this particular element of Enbridge's current cost allocation process causes a slight reduction in the level of costs assigned to its unregulated storage operation, it does compromise the conceptual basis for adopting a fully allocated costing method for these costs. As a result, Black & Veatch believes that this minor exception to the cost allocation process should be addressed by Enbridge on a going-forward basis by eliminating its "Applicable Share" adjustment. Based on this situation, Black & Veatch conveyed to Enbridge during our discussions related to this study that its use of an "Applicable Share" adjustment to certain costs included in the Storage Administration Cost Center should be eliminated from its current cost allocation process on a going-forward basis.

We understand that Enbridge has reviewed our explanation of this situation and has proposed to eliminate this adjustment from its current allocation treatment of storage-related operating expenses. Schedule 7 shows that the "Applicable Share" adjustment will no longer appear in Enbridge's monthly Operating Cost Reports.

Corporate Administrative and General Overheads

Enbridge also allocates A&G overhead costs to its unregulated storage operations in the same way that it does for the operating costs incurred by its regulated storage activities. An hourly A&G overhead amount is determined for each Full-Time Equivalent ("FTE") staff member, with those costs treated as a premium to the hourly cost of the FTEs involved in Enbridge's unregulated storage activities.

These overhead costs include a broad range of corporate costs and services such as finance and business services, customer support, regulatory, legal and corporate services, human resources, and engineering, as well as a rate of return on, and the depreciation expenses for, buildings, office furniture and equipment, telecom equipment, and information technology/software assets. In addition to these overhead costs, Enbridge's cost allocation process also includes the expected cost of its performance-based pay incentive for storage operations staff.

The allocation of these overhead costs to Enbridge's unregulated storage operation has the effect of increasing the base labor costs by 65% to 70%, which is reflected on page 2 of Schedule 6 under the "Overhead Rate" column. The calculation and inclusion of these overhead amounts is an integral part of Enbridge's monthly allocation process for its Tecumseh storage operations.

Unregulated Business Development and Administration Costs

As a participant in the unregulated storage industry, Enbridge incurs other costs that are specific to the strategic development, management and operation of the business. These costs are charged directly to the set of accounts that are kept for the unregulated business. Among these is the cost of the dedicated management and staff of the unregulated storage business, the cost of Gas Control services in Edmonton and the cost of any professional services required, such as legal counsel and third party technical consultants.

These resources are necessary to stay current with gas storage markets, identify storage service opportunities and their feasibility and to manage the contractual relationships that underlie the commercial basis for the un-regulated storage business. These costs are charged directly to the accounts of the unregulated storage business through the normal payroll, financial and A/P systems of Enbridge. As such, there are no business development and administrative costs in this category that is incurred on behalf of Enbridge's regulated storage operations.

Fuel Gas

Enbridge assigns a portion of the cost of gas it incurs to operate its gas storage operations at Tecumseh to its unregulated storage operations. This is accomplished by determining the actual storage activity for Enbridge's unregulated storage operations and applying that amount to the previous October's Quarterly Rate Adjustment Mechanism ("QRAM") reference price of gas. Enbridge's current Fuel Ratio charged to its unregulated storage customers is 0.35%.

Lost and Unaccounted For Gas

Enbridge assigns the cost of Lost and Unaccounted for Gas ("LUF") to its unregulated storage operations by applying an "in-kind" charge to its unregulated storage customers' capacity and activity levels. This charge uses the same LUF replacement factor that has been approved by the Board for Enbridge's regulated utility customers. We understand that Enbridge maintains a separate LUF factor that is specific to its gas storage operations.

Schedule 8 summarizes the cost allocation treatment for Enbridge's cost of gas components.

Depreciation Expense

Annual depreciation rates for Enbridge's underground storage assets were approved by the Board in RP-2002-0133. Table 5 below presents the annual depreciation rates for Enbridge's unregulated underground storage operations.

Table 5
Enbridge's Annual Depreciation Rates for Unregulated Storage Assets

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	ANNUAL DEPRECIATION RATE
451	Land Rights	2.10%
452	Structures & Improvements	2.60%
453	Wells	4.60%
454	Well Equipment	3.10%
455	Field Lines	2.60%
456	Compressor Equipment	2.20%
457	Regulating Equipment	3.60%

Depreciation expense (and the associated accumulated depreciation reserve) is calculated at the individual asset level using the annual rate that is applicable to the entire asset class. Enbridge's depreciation expense is posted to a separate general ledger account. The 2011 depreciation expense for Enbridge's unregulated storage assets was approximately $1.37 million.

Property Taxes

Enbridge currently assigns a portion of its storage-related property taxes to the unregulated storage business through the cost allocation process utilized in its Storage Administration Cost Center (25121). As shown on page 1 of Schedule 7, under the line "70701 – Property Taxes," Enbridge proposes to assign this cost element to its unregulated storage operation on the basis of its Annual Capacity allocation factor (40%) and its Deliverability allocation factor (60%).

Schedule 9 summarizes the cost allocation treatment for Enbridge's depreciation expense and property taxes.

FINDINGS AND RECOMMENDATIONS

Based upon Black & Veatch's review of Enbridge's storage allocation process, methodology, and results, the conceptual underpinnings and resulting methodologies upon which Enbridge's cost allocation process are generally well-conceived and reasonable in their treatment of storage-related plant and expenses. However, there are a few components of Enbridge's current cost allocation methods that Black & Veatch believes should be changed to better recognize the underlying cost causative factors of Enbridge's storage operations. As described previously, Enbridge has considered Black & Veatch's discussions on this topic and has proposed to revise certain of its current cost allocation methods for the following cost elements:

- **New General Storage Plant**
    1. Enbridge proposes to adopt the cost allocation treatment for new general plant depicted in Schedule 5 and to apply this method to the cost of its Sombra warehouse facility once it is completed and placed into service.

- **Storage Operations**
    1. Enbridge proposes to change its cost allocation factor for fixed storage costs to reflect a proper weighting of the cost drivers of annual capacity and deliverability, and has made minor modifications to the portion of costs it classifies as variable in nature.

    2. Enbridge proposes to eliminate from its current cost allocation process the use of an "Applicable Share" adjustment to certain costs included in the Storage Administration Cost Center (see page 2 of Schedule 6).

In addition, the manner in which Enbridge has presented its separation of costs between its regulated and unregulated storage operations in its past ESM Filings before the Board[14] does not in all cases provide a sufficient level of detail and explanation to allow an outside party to understand,

[14] See Enbridge's evidence filed in EB-2010-0042 and EB-2011-0008.

trace, and verify the underlying assumptions of the cost allocation methodology, computational processes, and to independently confirm the results.

As a result of this finding, Black & Veatch recommends the following enhancements to Enbridge's computational process and evidentiary presentation:

1. Establish more robust documentation that readily allows the reader to clearly trace how Enbridge's regulated and unregulated storage costs are developed, which should include providing clear references for the cost allocation methods used in the calculation of the costs of Enbridge's unregulated storage operations. Black & Veatch believes that certain of the Schedules presented in this report should be incorporated into Enbridge's future evidentiary presentations before the Board on this subject.

2. Provide additional details to be able to trace Enbridge's elimination from its Utility Income of each particular expense item (e.g., gas costs, O&M expenses, property taxes, and depreciation expense) associated with Enbridge's unregulated storage operation, and the computational details to derive each eliminated amount.[15]

3. The manner in which Enbridge splits the cost of new storage assets that replace existing storage assets with a capacity enhancement component between its regulated and unregulated storage operations (e.g., Enbridge's "Pool Metering Upgrades" project) should be detailed so that the basis for the determination of the cost split can be readily understood by an outside party.

[15] See EB-2011-0008, Exhibit B, Tab 1, Schedule 4, pages 1-4.

ENBRIDGE GAS DISTRIBUTION INC.

Underground Storage Facilities - Operational Characteristics (1)

Schedule 1

	2007	2008	2009	2010	2011
Annual Capacity (Bcf)					
In-Franchise (2)	91.7	91.7	91.7	91.7	91.7
Ex-Franchise (3)	6.7	6.7	6.7	6.7	6.7
Subtotal	98.4	98.4	98.4	98.4	98.4
Unregulated	0.0	2.2	4.2	8.7	12.2
Total	98.4	100.6	102.6	107.1	110.6
Daily Withdrawal Commitments (Bcfd)					
In-Franchise (2)	1.74	1.74	1.74	1.74	1.74
Ex-Franchise (4)	0.19	0.19	0.19	0.19	0.19
Subtotal	1.93	1.93	1.93	1.93	1.93
Unregulated	0.0	0.157	0.269	0.359	0.401
Total	1.93	2.09	2.20	2.29	2.33
Injection/Withdrawal Activity (Bcf)					
Regulated	0	140.11	179.02	163.85	173.28
Unregulated	0.0	11.97	28.28	13.65	15.49
Total	0.00	152.08	207.30	177.50	188.77
Storage Turnover Rate (5)					
Regulated	0	1.4	1.8	1.7	1.8
Unregulated	0.0	5.4	6.7	1.6	1.3
Total	0.0	1.5	2.0	1.7	1.7

Notes:

(1) Includes Crowland Storage

(2) Includes Transactional Services

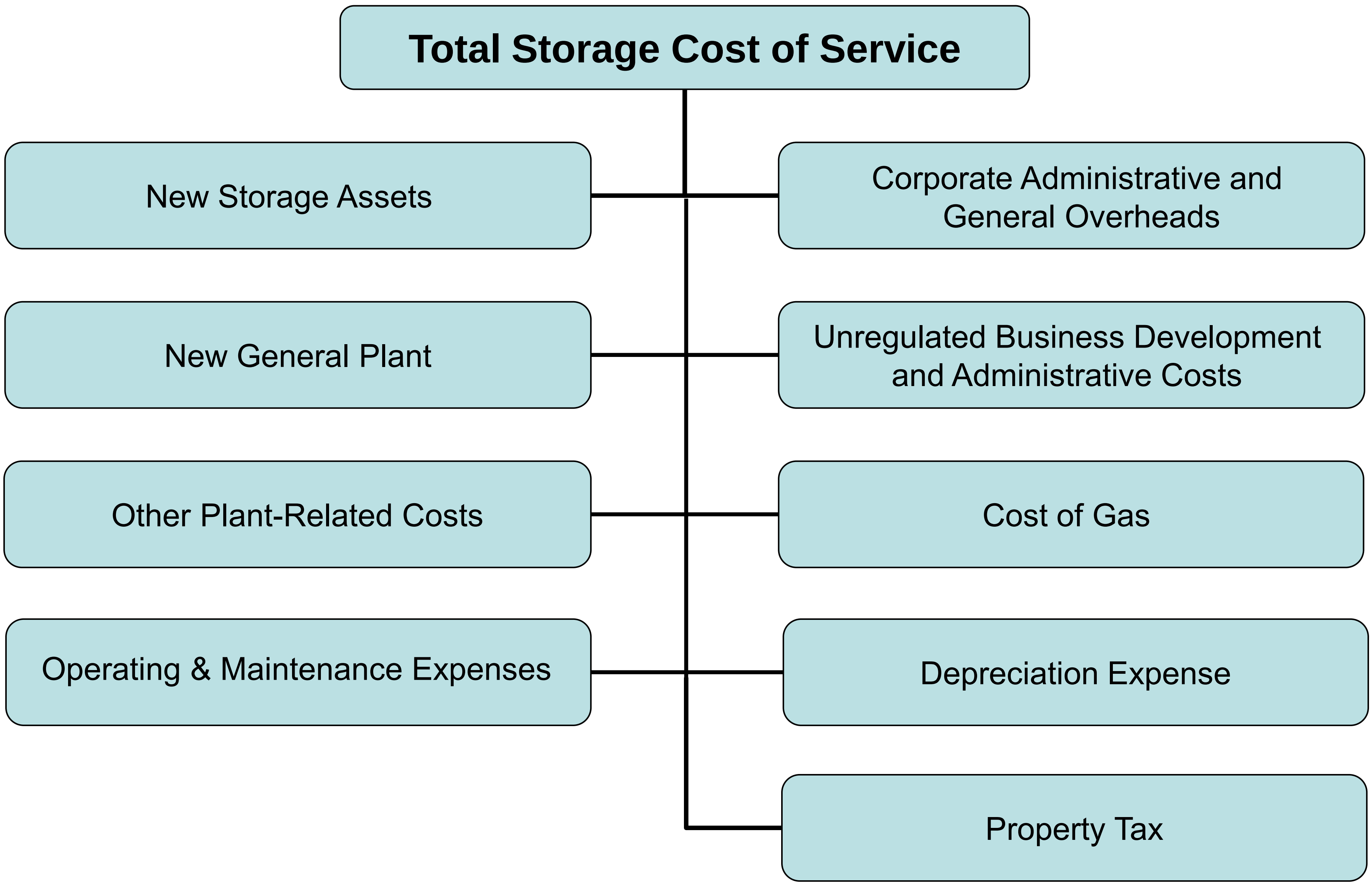
(3) Regulated contract storage services for Union Gas Limited

(4) Regulated contract storage services for Union Gas Limited (0.11 Bcfd) and transmission deliverability services for Niagara Gas Transmission Ltd. (0.08 Bcfd)

(5) Unregulated storage operations started in May 2008

Schedule 2

ENBRIDGE GAS DISTRIBUTION INC.
Allocation of Regulated and Unregulated Storage Costs
Functional Process Flowchart



Schedule 3

ENBRIDGE GAS DISTRIBUTION INC.
Allocation of Regulated and Unregulated Storage Costs
Timing of the Cost Allocation Process

Monthly/Annual	Periodic
•Storage Asset Additions and Retirements –Direct Assignments –Allocations	•New Depreciation Rates
•General Plant Additions and Retirements –Direct Assignments –Allocations	
•Operating and Maintenance Expenses –Direct Assignments –Allocations	
•Corporate Administrative and General Overheads –Loading Rates	
•Unregulated Business Development and Administrative Costs –Direct Assignment	
•Cost of Gas –Lost and Unaccounted for Gas –Allocations	
•Property Tax –Allocations	

ENBRIDGE GAS DISTRIBUTION INC.
Unregulated Gas Storage Assets
Net Plant - Year End Balances

Asset Description	Plant Account	2007 Opening Balance	2007 Additions	2007 Provisions	2007 Ending Balance
Gross Plant					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453				
Field Lines	455		$1,307,846		$1,307,846
Compressor Equipment	456		$7,043,209		$7,043,209
Measuring & Regulating Equipment	457				
Plant Not Classified					
Totals			$8,351,055		$8,351,055
Accumulated Depreciation Reserve					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453				
Field Lines	455				
Compressor Equipment	456				
Measuring & Regulating Equipment	457				
Plant Not Classified					
Totals					
Net Plant					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453				
Field Lines	455		$1,307,846		$1,307,846
Compressor Equipment	456		$7,043,209		$7,043,209
Measuring & Regulating Equipment	457				
Plant Not Classified					
Totals			$8,351,055		**$8,351,055**

ENBRIDGE GAS DISTRIBUTION INC.
Unregulated Gas Storage Assets
Net Plant - Year End Balances

Asset Description	Plant Account	2008 Opening Balance	2008 Additions	2008 Provisions	2008 Ending Balance
Gross Plant					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453		$3,929,319		$3,929,319
Field Lines	455	$1,307,846	$7,230,279		$8,538,125
Compressor Equipment	456	$7,043,209	$2,878,383		$9,921,592
Measuring & Regulating Equipment	457				
Work-In-Progress			$14,152,941		$14,152,941
Plant Not Classified					
Totals		$8,351,055	$28,190,922		$36,541,977
Accumulated Depreciation Reserve					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453			($24,912)	($24,912)
Field Lines	455			($25,473)	($25,473)
Compressor Equipment	456			($53,053)	($53,053)
Measuring & Regulating Equipment	457				
Plant Not Classified					
Totals				($103,438)	($103,438)
Net Plant					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453		$3,929,319	($24,912)	$3,904,407
Field Lines	455	$1,307,846	$7,230,279	($25,473)	$8,512,652
Compressor Equipment	456	$7,043,209	$2,878,383	($53,053)	$9,868,539
Measuring & Regulating Equipment	457				
Work-In-Progress			$14,152,941		$14,152,941
Plant Not Classified		$8,351,055	$28,190,922	($103,438)	**$36,438,539**
Totals					

ENBRIDGE GAS DISTRIBUTION INC.
Unregulated Gas Storage Assets
Net Plant - Year End Balances

Asset Description	Plant Account	2009 Opening Balance	2009 Additions	2009 Provisions	2009 Ending Balance
Gross Plant					
Land & Land Rights	450/451		$405,933		$405,933
Structures & Improvements	452				
Wells	453	$3,929,319	$3,608,934		$7,538,253
Field Lines	455	$8,538,125	$6,452,305		$14,990,430
Compressor Equipment	456	$9,921,592	$2,279,289		$12,200,881
Measuring & Regulating Equipment	457		$368,439		$368,439
Work-In-Progress		$14,152,941	($4,917,233)		$9,235,708
Plant Not Classified			$3,801,257		$3,801,257
Totals		$36,541,977	$11,998,924		$48,540,901
Accumulated Depreciation Reserve					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453	($24,912)		($295,644)	($320,556)
Field Lines	455	($25,473)		($398,656)	($424,129)
Compressor Equipment	456	($53,053)		($287,662)	($340,715)
Measuring & Regulating Equipment	457			($13,264)	($13,264)
Plant Not Classified				($118,473)	($118,473)
Totals		($103,438)		($1,113,699)	($1,217,137)
Net Plant					
Land & Land Rights	450/451		$405,933		$405,933
Structures & Improvements	452				
Wells	453	$3,904,407	$3,608,934	($295,644)	$7,217,697
Field Lines	455	$8,512,652	$6,452,305	($398,656)	$14,566,301
Compressor Equipment	456	$9,868,539	$2,279,289	($287,662)	$11,860,166
Measuring & Regulating Equipment	457	$0	$368,439	($13,264)	$355,175
Work-In-Progress		$14,152,941	($4,917,233)		$9,235,708
Plant Not Classified			$3,801,257	($118,473)	$3,682,784
Totals		$36,438,539	$11,998,924	($1,113,699)	**$47,323,764**

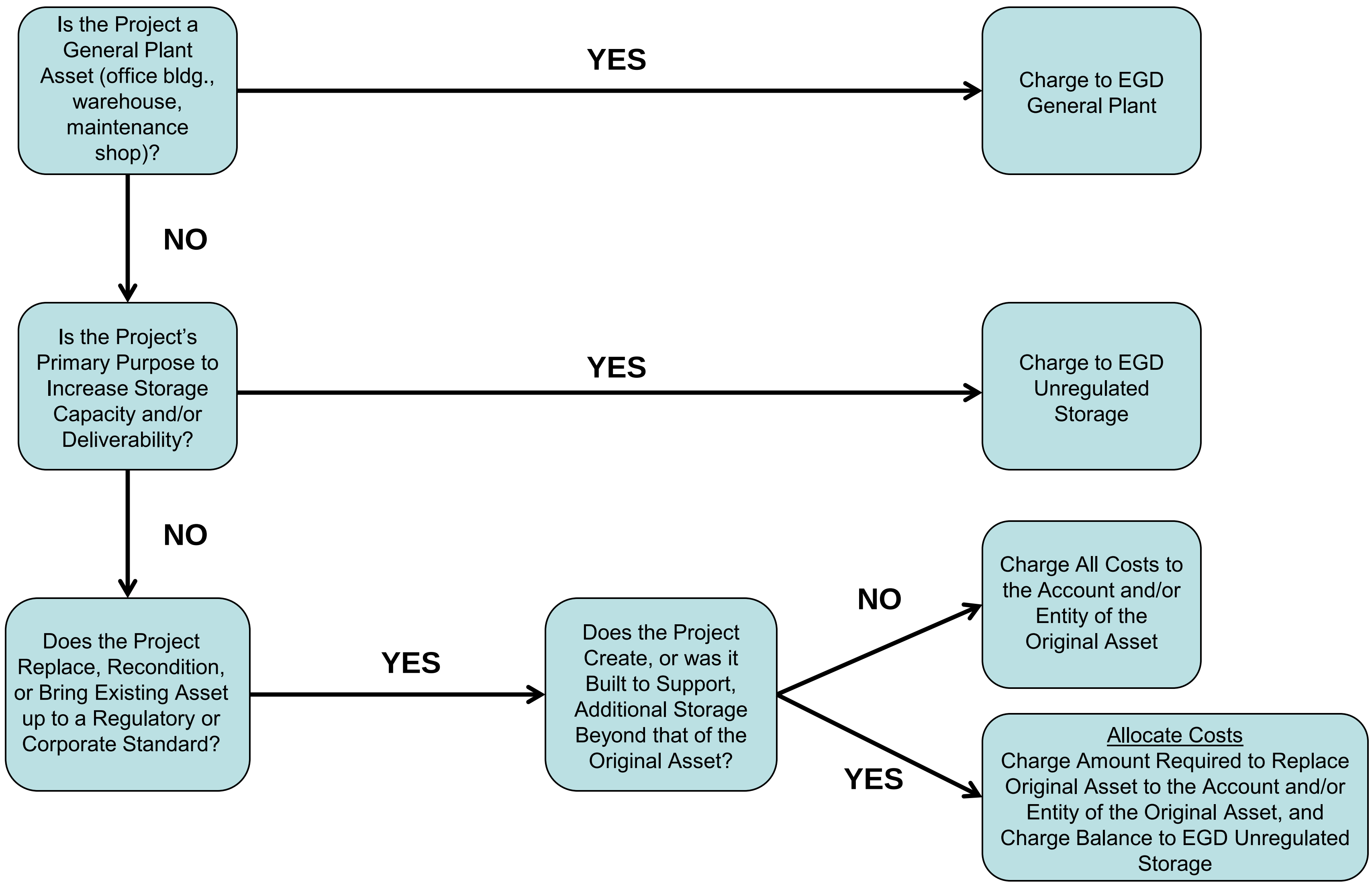
ENBRIDGE GAS DISTRIBUTION INC.
Unregulated Gas Storage Assets
Net Plant - Year End Balances

Asset Description	Plant Account	2010 Opening Balance	2010 Additions	2010 Provisions	2010 Ending Balance
Gross Plant					
Land & Land Rights	450/451	$405,933	$1,132,577	($411,207)	$1,127,303
Structures & Improvements	452				
Wells	453	$7,538,253	$3,071,174	$103,903	$10,713,330
Field Lines	455	$14,990,430	$89,821	$404,718	$15,484,969
Compressor Equipment	456	$12,200,881	$4,628,296	$4,072,396	$20,901,573
Measuring & Regulating Equipment	457	$368,439			$368,439
Work-In-Progress		$9,235,708	$8,574,447	($14,214,255)	$3,595,900
Plant Not Classified		$3,801,257		($3,801,257)	
Totals		$48,540,901	$17,496,315	($13,845,702)	$52,191,514
Accumulated Depreciation Reserve					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453	($320,556)	($438,062)		($758,618)
Field Lines	455	($424,129)	($410,897)		($835,026)
Compressor Equipment	456	($340,715)	($485,789)		($826,504)
Measuring & Regulating Equipment	457	($13,264)	($13,264)		($26,528)
Plant Not Classified		($118,473)		$118,473	
Totals		($1,217,137)	($1,348,012)		($2,446,676)
Net Plant					
Land & Land Rights	450/451	$405,933	$1,132,577	($411,207)	$1,127,303
Structures & Improvements	452				
Wells	453	$7,217,697	$2,633,112	$103,903	$9,954,712
Field Lines	455	$14,566,301	($321,076)	$404,718	$14,649,943
Compressor Equipment	456	$11,860,166	$4,142,507	$4,072,396	$20,075,069
Measuring & Regulating Equipment	457	$355,175	($13,264)		$341,911
Work-In-Progress		$9,235,708	$8,574,447	($14,214,255)	$3,595,900
Plant Not Classified		$3,682,784		($3,682,784)	
Totals		$47,323,764	$16,148,303	($13,727,229)	**$49,744,838**

ENBRIDGE GAS DISTRIBUTION INC.
Unregulated Gas Storage Assets
Net Plant - Year End Balances

Asset Description	Plant Account	2011 Opening Balance	2011 Additions	2011 Provisions	2011 Ending Balance
Gross Plant					
Land & Land Rights	450/451	$1,127,303			$1,127,303
Structures & Improvements	452				
Wells	453	$10,713,330		$129,191	$10,842,521
Field Lines	455	$15,484,969			$15,484,969
Compressor Equipment	456	$20,901,573	$13,275	$978,362	$21,893,210
Measuring & Regulating Equipment	457	$368,439			$368,439
Work-in-Progress		$3,595,900		($3,331,979)	$263,921
Plant Not Classified				$38,289,245	$38,289,245
Totals		$52,191,514	$13,275	$36,064,819	$88,269,608
Accumulated Depreciation Reserve					
Land & Land Rights	450/451				
Structures & Improvements	452				
Wells	453	($758,618)	($492,867)	($112)	($1,251,597)
Field Lines	455	($835,026)	($402,609)		($1,237,635)
Compressor Equipment	456	($826,504)	($465,330)	($40,190)	($1,332,024)
Measuring & Regulating Equipment	457	($26,528)	($13,264)		($39,792)
Plant Not Classified					
Totals		($2,446,676)	($1,374,070)	($40,302)	($3,861,048)
Net Plant					
Land & Land Rights	450/451	$1,127,303			$1,127,303
Structures & Improvements	452				
Wells	453	$9,954,712	($492,867)	$129,079	$9,590,924
Field Lines	455	$14,649,943	($402,609)		$14,247,334
Compressor Equipment	456	$20,075,069	($452,055)	$938,172	$20,561,186
Measuring & Regulating Equipment	457	$341,911	($13,264)		$328,647
Work-in-Progress		$3,595,900		($3,331,979)	$263,921
Plant Not Classified				$38,289,245	$38,289,245
Totals		$49,744,838	($1,360,795)	$36,024,517	**$84,408,560**

ENBRIDGE GAS DISTRIBUTION INC.
Allocation of Regulated and Unregulated Storage Costs
Capital Project Assessment Process



ENBRIDGE GAS DISTRIBUTION INC.
Unregulated Storage Operation
2011 Operating and Maintenance Costs - Allocated

Expense Category	January	February	March	April	May	June	July	August	September	October	November	December	Annual
Administration	$6,394	$23,453	$41,846	$44,704	$41,278	$62,262	$72,798	$42,707	$52,862	$54,260	$57,640	$107,571	$607,775
Storage Operations	$15,574	$10,841	$11,369	$25,164	$16,909	$32,057	$23,492	$35,151	$23,608	$40,176	$46,564	$50,204	$331,109
Storage Maintenance	$30,981	$14,098	$6,420	$21,465	$21,030	$20,072	$6,428	$24,152	$33,442	$23,738	$55,684	$63,499	$321,009
Field Maintenance	$42,183	($1,993)	$4,062	$21,132	$7,284	($17,655)	$438	$5,150	$36,041	$15,268	$16,108	$13,656	$141,674
Total	$95,132	$46,399	$63,697	$112,465	$86,501	$96,736	$103,156	$107,160	$145,953	$133,442	$175,996	$234,930	**$1,401,567**

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: NOV-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	88.93%	1.95	42.94%
Un-regulated	12.20	11.07%	2.59	57.06%
	110.2	100.00%	4.54	100.00%

COST CENTRE=25121 (STORAGE ADMINISTRATION)

	Actual	Applicable Share		Annual %	Annual $	Commodity %	Commodity $	Overhead Rate	
CONTROLLABLE COSTS									
60101 BASE PAY	150,645	95%	242,148	100%	242,148	0%	-	69.2%	
60109 TEMPORARY PAYRO	9,370	95%	15,061	100%	15,061	0%	-	69.2%	
60117 VACATION PAY	10,414	95%	16,740	100%	16,740	0%	-	69.2%	
60129 SCHEDULED OVERTIME	940	95%	1,511	100%	1,511	0%	-	69.2%	
60131 STATUTORY HOLID	0	95%	-	100%	-	0%	-	69.2%	
60133 SICK PAY	450	95%	723	100%	723	0%	-	69.2%	
60141 VACANCY CREDIT	0	95%	-	100%	-	0%	-	69.2%	
60145 OTHER SALARY EX	0	95%	-	100%	-	0%	-	69.2%	
TOTAL LABOUR	171,819		276,183		276,183		0		30,576
60401 EMPLOYEE TRAINI	12	95%	11	100%	11	0%	-		
60411 AWARDS AND ALLO	(446)	95%	(424)	100%	(424)	0%	-		
61105 COPIER AND OTHE	2,570	100%	2,570	100%	2,570	0%	-		
61116 COMPUTER SOFTWA	25,009	100%	25,009	100%	25,009	0%	-		
61511 PROFESSIONAL CO	0	100%	-	100%	-	0%	-		
61505 FILING FEES	725	100%	725	100%	725	0%	-		
61707 JANITORIAL SERVICES	9,496	100%	9,496	100%	9,496	0%	-		
61709 OFFICE REPAIRS	122	100%	122	100%	122	0%	-		
61715 POSTAGE COURIER	392	100%	392	100%	392	0%	-		
61717 REPRODUCTION SE	136	100%	136	100%	136	0%	-		
61910 SITE WORK	0	100%	-	100%	-	0%	-		
61999 OTHER OUTSIDE S	25,518	100%	25,518	100%	25,518	0%	-		
62301 VEHICLE / FLEET	10,193	100%	10,193	90%	9,174	10%	1,019		
70001 LAND LEASES	485,029	100%	485,029	100%	485,029	0%	-		
70409 OTHER TELECOM S	0	100%	-	100%	-	0%	-		
70501 AIRFARE	641	95%	609	100%	609	0%	-		
70503 GROUND TRANSPOR	1,278	95%	1,214	100%	1,214	0%	-		
70505 ACCOMMODATION	1,942	95%	1,845	100%	1,845	0%	-		
70507 MEALS AND ENTER	2,933	95%	2,786	100%	2,786	0%	-		
70509 OTHER TRAVEL EX	328	95%	312	100%	312	0%	-		
70511 CONFERENCE AND	421	95%	400	100%	400	0%	-		
70701 PROPERTY TAXES	128,706	100%	128,706	100%	128,706	0%	-		
70809 TRADE AND CIVIC	1,797	100%	1,797	100%	1,797	0%	-		
NON-LABOUR COST CENTRE COSTS	696,802		696,446		695,427		1,019		77,571
INTERNAL COST RECOVERIES									
79966 VARIABLE INTERN	(5,200)	100%	(5,200)	100%	(5,200)	0%	-		
79967 OTHER RECOVERIE CAPITAL	0	100%	0	100%	0	0%	-		
TOTAL COST RECOVERIES	(5,200)		(5,200)		(5,200)		-		(576)
TOTAL NET COST CENTRE COSTS	863,420		967,429		966,410		1,019		
CHARGES TO UN-REGULATED					106,989		582		
							107,571		

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: NOV-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	88.93%	1.95	42.94%
Un-regulated	12.20	11.07%	2.59	57.06%
	110.2	100.00%	4.54	100.00%

COST CENTRE=25122 (STORAGE OPERATIONS)

	Actual	Applicable Share	Annual %	Annual $	Commodity %	Commodity $	Overhead Factor
CONTROLLABLE COSTS							
60101 BASE PAY	14,057	100%	100%	23,204	0%	0	65.1%
60105 HOURLY PAYROLL	70,747	100%	100%	116,786	0%	0	65.1%
60117 VACATION PAY	5,570	100%	100%	9,195	0%	0	65.1%
60129 SCHEDULED OVERT	50,903	100%	80%	67,222	20%	16,806	65.1%
60131 STATUTORY HOLID	0	100%	100%	0	0%	0	65.1%
60133 SICK PAY	6,350	100%	100%	10,482	0%	0	65.1%
60145 OTHER SALARY EX	0	100%	100%	0	0%	0	65.1%
TOTAL LABOUR	**147,627**			**226,889**		**16,806**	
61009 SAFETY RELATED	4,995	100%	100%	4,995	0%	0	
61299 OTHER MATERIALS	7,504	100%	40%	3,002	60%	4,503	
61601 CONTRACT SERVIC	0	100%	100%	0	0%	0	
61805 ENVIRONMENTAL C	2,427	100%	100%	2,427	0%	0	
61999 OTHER OUTSIDE S	30,710	100%	40%	12,284	60%	18,426	
NON-LABOUR COST CENTRE COSTS	**45,635**			**22,707**		**22,929**	
INTERNAL COST RECOVERIES							
79966 VARIABLE INTERN	(906)	100%	100%	(906)	0%	0	100%
79967 OTHER RECOVERIE CAPITAL		100%	100%	0	0%	0	100%
TOTAL COST RECOVERIES	**(906)**			**(906)**		**0**	
TOTAL NET COST CENTRE COSTS	**192,356**			**248,690**		**39,734**	
CHARGES TO UN-REGULATED				**27,532**		**22,672**	
						50,204	

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: NOV-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	88.93%	1.95	42.94%
Un-regulated	12.20	11.07%	2.59	57.06%
	110.2	100.00%	4.54	100.00%

COST CENTRE=25123 (STORAGE MAINTENANCE)

	Actual	Applicable Share	Annual %	Annual $	Commodity %	Commodity $	Overhead Factor
CONTROLLABLE COSTS							
60101 BASE PAY	64,726	100%	100%	110,046	0%	0	70.0%
60105 HOURLY PAYROLL	0	100%	100%	0	0%	0	70.0%
60117 VACATION PAY	1,692	100%	100%	2,877	0%	0	70.0%
60129 SCHEDULED OVERT	8,419	100%	40%	5,726	60%	8,588	70.0%
60131 STATUTORY HOLID	0	100%	100%	0	0%	0	70.0%
60133 SICK PAY	9,839	100%	100%	16,728	0%	0	70.0%
60145 OTHER SALARY EX	0	100%	100%	0	0%	0	70.0%
TOTAL LABOUR	**84,676**			**135,376**		**8,588**	
60401 EMPLOYEE TRAINI	10,862	100%	40%	4,345	60%	6,517	
61299 OTHER MATERIALS	65,786	100%	40%	26,314	60%	39,472	
61601 CONTRACT SERVIC	40,964	100%	40%	16,385	60%	24,578	
NON-LABOUR COST CENTRE COSTS	**117,612**			**47,045**		**70,567**	
INTERNAL COST RECOVERIES							
79951 CAPITAL PROJECT	(12,022)	100%	100%	(12,022)	0%	0	100%
79966 VARIABLE INTERN	(4,800)	100%	100%	(4,800)	0%	0	100%
79967 OTHER RECOVERIE CAPITAL		100%	100%	0	0%	0	100%
TOTAL COST RECOVERIES	**(16,822)**			**(16,822)**		**0**	
TOTAL NET COST CENTRE COSTS	**185,466**			**165,599**		**79,155**	
CHARGES TO UN-REGULATED				**18,333**		**45,166**	
						63,499	

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: NOV-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	88.93%	1.95	42.94%
Un-regulated	12.20	11.07%	2.59	57.06%
	110.20	100.00%	4.54	100.00%

COST CENTRE=25124 (FIELD MAINTENANCE)

	Actual	Applicable Share	Annual %	Annual $	Commodity %	Commodity $
CONTROLLABLE COSTS						
61299 OTHER MATERIALS	0	100%	100%	0	0%	0
61511 PROFESSIONAL CO	2,060	100%	100%	2,060	0%	0
61601 CONTRACT SERVIC	112,493	100%	100%	112,493	0%	0
61805 ENVIRONMENTAL C	8,803	100%	100%	8,803	0%	0
DIRECT COST CENTRE COSTS	**123,356**			**123,356**		**0**
TOTAL NET COST CENTRE COSTS	**123,356**			**123,356**		**0**
			CHARGES TO UN-REGULATED	**13,656**		**0**
						13,656

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: DEC-11 Currency: CAD
Submitted: 10-JAN-12 10:46:28

LOB=25104 (ENBRIDGE GAS DISTRIBUTION - UNREGULATED), COST CENTRE=25371 (UNREGULATED STORAGE)

	Current Month			Year To Date			Full Year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
CONTROLLABLE COSTS							
60101 BASE PAY	38,151.00	31,770.00	(6,381.00)	563,996.00	379,324.00	(184,672.00)	379,324.00
60109 TEMPORARY PAYRO	10,080.00	0.00	(10,080.00)	121,480.00	0.00	(121,480.00)	0.00
60117 VACATION PAY	9,328.00	0.00	(9,328.00)	45,571.00	0.00	(45,571.00)	0.00
60131 STATUTORY HOLID	4,261.00	0.00	(4,261.00)	27,143.00	0.00	(27,143.00)	0.00
60133 SICK PAY	0.00	0.00	0.00	3,139.00	0.00	(3,139.00)	0.00
60401 EMPLOYEE TRAINI	300.00	0.00	(300.00)	375.00	0.00	(375.00)	0.00
60412 EMPLOYEE RECOGN	0.00	0.00	0.00	179.00	0.00	(179.00)	0.00
61105 COPIER AND OTHE	0.00	50.00	50.00	285.00	600.00	315.00	600.00
61116 COMPUTER SOFTWA	0.00	3,000.00	3,000.00	0.00	36,000.00	36,000.00	36,000.00
61299 OTHER MATERIALS	0.00	0.00	0.00	496.00	0.00	(496.00)	0.00
61503 LEGAL FEES	149.00	0.00	(149.00)	1,885.00	0.00	(1,885.00)	0.00
61511 PROFESSIONAL CO	3,452.00	25,000.00	21,548.00	17,717.00	300,000.00	282,283.00	300,000.00
61601 CONTRACT SERVIC	(6,433.00)	21,550.00	27,983.00	40,692.00	258,600.00	217,908.00	258,600.00
61715 POSTAGE COURIER	0.00	25.00	25.00	278.00	300.00	22.00	300.00
61717 REPRODUCTION SE	0.00	0.00	0.00	1,540.00	2,500.00	960.00	2,500.00
61999 OTHER OUTSIDE S	10,000.00	280,000.00	270,000.00	120,000.00	1,360,000.00	1,240,000.00	1,360,000.00
70407 IT TELECOM SERV	0.00	0.00	0.00	88.00	0.00	(88.00)	0.00
70501 AIRFARE	(12,518.00)	1,250.00	13,768.00	8,066.00	15,000.00	6,934.00	15,000.00
70503 GROUND TRANSPOR	(4,242.00)	375.00	4,617.00	6,230.00	4,500.00	(1,730.00)	4,500.00
70505 ACCOMMODATION	4,274.00	1,000.00	(3,274.00)	10,258.00	12,000.00	1,742.00	12,000.00
70507 MEALS AND ENTER	(1,070.00)	500.00	1,570.00	2,261.00	6,000.00	3,739.00	6,000.00
70509 OTHER TRAVEL EX	0.00	200.00	200.00	0.00	2,400.00	2,400.00	2,400.00
70511 CONFERENCE AND	0.00	0.00	0.00	2,279.00	10,100.00	7,821.00	10,100.00
70809 TRADE AND CIVIC	0.00	0.00	0.00	220.00	0.00	(220.00)	0.00
70899 OTHER OPERATING	314,888.00	89,137.00	(225,751.00)	1,401,631.00	1,069,645.00	(331,986.00)	1,069,645.00
DIRECT COST CENTRE COSTS	370,620.00	453,857.00	83,238.00	2,375,809.00	3,456,969.00	1,081,160.00	3,456,969.00
ACCOUNTABLE COSTS							
74002 FIXED INTERNAL	11,561.00	19,127.00	7,566.00	138,732.00	229,522.00	90,790.00	229,522.00
74007 GENERAL EXPENSE	3,613.00	0.00	(3,613.00)	43,356.00	0.00	(43,356.00)	0.00
TOTAL ACCOUNTABLE COSTS	15,174.00	19,127.00	3,953.00	182,088.00	229,522.00	47,434.00	229,522.00
GROSS OPERATING COSTS	385,794.00	472,984.00	87,190.00	2,557,897.00	3,686,491.00	1,128,594.00	3,686,491.00
INTERNAL COST RECOVERIES							
79951 CAPITAL PROJECT	(46,145.00)	0.00	46,145.00	(552,302.00)	0.00	552,302.00	0.00
79966 VARIABLE INTERN	0.00	(2,490.00)	(2,490.00)	(59,114.00)	(29,880.00)	29,234.00	(29,880.00)
TOTAL INTERNAL COST RECOVERIES	(46,145.00)	(2,490.00)	43,655.00	(611,416.00)	(29,880.00)	581,536.00	(29,880.00)
TOTAL NET OPERATING COSTS	339,649.00	470,494.00	130,845.00	1,946,481.00	3,656,611.00	1,710,130.00	3,656,611.00

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: AUG-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Deliverability Bcf	Deliverability % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	**88.93%**	1.94	**82.91%**	11.82	**95.51%**
Un-regulated	12.20	**11.07%**	0.40	**17.09%**	0.56	**4.49%**
	110.20	**100.00%**	2.34	**100.00%**	12.38	**100.00%**

COST CENTRE=25121 (STORAGE ADMINISTRATION)

	Actual	Applicable Share	Overhead Factor	Allocable Amount	Comm.	Split of the Balance: Cap	Split of the Balance: Deliv	Resulting Allocations: Capacity %	Capacity $s	Deliverability %	Deliverability $s	Commodity %	Commodity $s
CONTROLLABLE COSTS													
60101 BASE PAY	137,178	100%	69.2%	232,107	5%	75%	25%	71%	165,376	24%	55,125	5%	11,605
60109 TEMPORARY PAYRO	9,767	100%	69.2%	16,526	5%	75%	25%	71%	11,775	24%	3,925	5%	826
60117 VACATION PAY	16,068	100%	69.2%	27,187	5%	75%	25%	71%	19,371	24%	6,457	5%	1,359
60129 SCHEDULED OVERTIME	2,860	100%	69.2%	4,839	5%	75%	25%	71%	3,448	24%	1,149	5%	242
60131 STATUTORY HOLID	7,331	100%	69.2%	12,404	5%	75%	25%	71%	8,838	24%	2,946	5%	620
60133 SICK PAY	0	100%	69.2%	-	5%	75%	25%	71%	-	24%	-	5%	-
60141 VACANCY CREDIT	0	100%	69.2%	-	5%	75%	25%	71%	-	24%	-	5%	-
60145 OTHER SALARY EX	0	100%	69.2%	-	5%	75%	25%	71%	-	24%	-	5%	-
TOTAL LABOUR	**173,204**			**293,063**									
60401 EMPLOYEE TRAINI	1,275	100%		1,275	5%	75%	25%	71%	908	24%	303	5%	64
60403 EXECUTIVE DEVELOPMENT	(1,275)	100%		(1,275)	5%	75%	25%	71%	(908)	24%	(303)	5%	(64)
60405 RECRUITMENT ADV	(1,155)	100%		(1,155)	5%	75%	25%	71%	(823)	24%	(274)	5%	(58)
60411 AWARDS AND ALLO	11	100%		11	5%	75%	25%	71%	8	24%	3	5%	1
61009 SAFETY RELATED	(942)	100%		(942)	5%	75%	25%	71%	(671)	24%	(224)	5%	(47)
61105 COPIER AND OTHE	1,477	100%		1,477	5%	75%	25%	71%	1,052	24%	351	5%	74
61116 COMPUTER SOFTWA	25,392	100%		25,392	0%	75%	25%	75%	19,044	25%	6,348	0%	-
61511 PROFESSIONAL CO	0	100%		-	0%	75%	25%	75%	-	25%	-	0%	-
61601 CONTRACT SERVICES	(8,925)	100%		(8,925)	0%	75%	25%	75%	(6,694)	25%	(2,231)	0%	-
61707 JANITORIAL SERVICES	4,854	100%		4,854	0%	75%	25%	75%	3,641	25%	1,214	0%	-
61709 OFFICE REPAIRS	252	100%		252	0%	75%	25%	75%	189	25%	63	0%	-
61715 POSTAGE COURIER	2,237	100%		2,237	0%	75%	25%	75%	1,678	25%	559	0%	-
61717 REPRODUCTION SE	1,952	100%		1,952	0%	75%	25%	75%	1,464	25%	488	0%	-
61910 SITE WORK	0	100%		-	0%	75%	25%	75%	-	25%	-	0%	-
61999 OTHER OUTSIDE S	23,305	100%		23,305	5%	75%	25%	71%	16,605	24%	5,535	5%	1,165
62301 VEHICLE / FLEET	7,726	100%		7,726	10%	75%	25%	68%	5,215	23%	1,738	10%	773
70001 LAND LEASES	14,558	100%		14,558	0%	90%	10%	90%	13,102	10%	1,456	0%	-
70409 OTHER TELECOM S	0	100%		-	0%	75%	25%	75%	-	25%	-	0%	-
70501 AIRFARE	1,301	100%		1,301	5%	75%	25%	71%	927	24%	309	5%	65
70503 GROUND TRANSPOR	1,613	100%		1,613	5%	75%	25%	71%	1,149	24%	383	5%	81
70505 ACCOMMODATION	1,134	100%		1,134	5%	75%	25%	71%	808	24%	269	5%	57
70507 MEALS AND ENTER	2,597	100%		2,597	5%	75%	25%	71%	1,850	24%	617	5%	130
70509 OTHER TRAVEL EX	38	100%		38	5%	75%	25%	71%	27	24%	9	5%	2
70511 CONFERENCE AND	3,377	100%		3,377	0%	75%	25%	75%	2,533	25%	844	0%	-
70701 PROPERTY TAXES	128,706	100%		128,706	0%	40%	60%	40%	51,482	60%	77,224	0%	-
70707 VEHICLE LICENSI	(11)	100%		(11)	0%	75%	25%	75%	(8)	25%	(3)	0%	-
70801 CORPORATE DONAT	0	100%		-	0%	75%	25%	75%	-	25%	-	0%	-
70807 SPONSORSHIPS	0	100%		-	0%	75%	25%	75%	-	25%	-	0%	-
70809 TRADE AND CIVIC	747	100%		747	0%	75%	25%	75%	560	25%	187	0%	-
NON-LABOUR COST CENTRE COSTS	**210,244**			**210,244**									
INTERNAL COST RECOVERIES													
79966 VARIABLE INTERN	(1,000)	100%		(1,000)	0%	75%	25%	75%	(750)	25%	(250)	0%	-
79967 OTHER RECOVERIE CAPITAL	(9,137)	100%		(9,137)	0%	75%	25%	75%	(6,853)	25%	(2,284)	0%	-
TOTAL COST RECOVERIES	**(10,137)**			**(10,137)**									
TOTAL NET COST CENTRE COSTS	**373,311**			**493,170**					**314,343**		**161,932**		**16,895**
									63.7%		32.8%		3.4%
									34,800		**27,681**		**759**
									Allocation to Unregulated Storage				**63,240**

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: AUG-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Deliverability Bcf	Deliverability % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	88.93%	1.94	82.91%	11.82	95.51%
Un-regulated	12.20	11.07%	0.40	17.09%	0.56	4.49%
	110.20	100.00%	2.34	100.00%	12.38	100.00%

COST CENTRE=25122 (STORAGE OPERATIONS)

	Actual	Applicable Share	Overhead Factor	Allocable Amount	Comm.	Split of the Balance Cap	Split of the Balance Deliv	Resulting Allocations Capacity %	Capacity $s	Deliverability %	Deliverability $s	Commodity %	Commodity $s
CONTROLLABLE COSTS													
60101 BASE PAY	11,566	100%	65.1%	19,093	0%	75%	25%	75%	14,319	25%	4,773	0%	0
60105 HOURLY PAYROLL	81,044	100%	65.1%	133,783	0%	75%	25%	75%	100,337	25%	33,446	0%	0
60117 VACATION PAY	3,155	100%	65.1%	5,208	0%	75%	25%	75%	3,906	25%	1,302	0%	0
60129 SCHEDULED OVERT	27,028	100%	65.1%	44,616	10%	75%	25%	68%	30,116	23%	10,039	10%	4,462
60131 STATUTORY HOLID	4,613	100%	65.1%	7,615	0%	75%	25%	75%	5,711	25%	1,904	0%	0
60133 SICK PAY	0	100%	65.1%	-	0%	75%	25%	75%	-	25%	-	0%	0
60145 OTHER SALARY EX	0	100%	65.1%	-	0%	75%	25%	75%	-	25%	-	0%	0
TOTAL LABOUR	127,406			210,315									
61009 SAFETY RELATED	1,929	100%		1,929	0%	75%	25%	75%	1,447	25%	482	0%	0
61299 OTHER MATERIALS	38,603	100%		38,603	60%	40%	60%	16%	6,176	24%	9,265	60%	23,162
61601 CONTRACT SERVIC	31,071	100%		31,071	0%	75%	25%	75%	23,303	25%	7,768	0%	0
61805 ENVIRONMENTAL C	646	100%		646	0%	40%	60%	40%	258	60%	388	0%	0
61999 OTHER OUTSIDE S	43,161	100%		43,161	60%	40%	60%	16%	6,906	24%	10,359	60%	25,897
NON-LABOUR COST CENTRE COSTS	115,410			115,410									
INTERNAL COST RECOVERIES				-									
79966 VARIABLE INTERN	(78,009)	100%		(78,009)	0%	75%	25%	75%	(58,507)	25%	(19,502)	0%	0
79967 OTHER RECOVERIE CAPITAL	0	100%		-	0%	75%	25%	75%	-	25%	-	0%	0
TOTAL COST RECOVERIES	(78,009)			(78,009)									
TOTAL NET COST CENTRE COSTS	164,807			247,716					133,974		60,222		53,520
									54.1%		24.3%		21.6%
									14,832		10,294		2,404
										Allocation to Unregulated Storage			27,530

OPERATING COST REPORT - DETAIL CADSEP

CADDEC
Period: AUG-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Deliverability Bcf	Deliverability % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	88.93%	1.94	82.91%	11.82	95.51%
Un-regulated	12.20	11.07%	0.40	17.09%	0.56	4.49%
	110.20	100.00%	2.34	100.00%	12.38	100.00%

COST CENTRE=25123 (STORAGE MAINTENANCE)

	Actual	Applicable Share	Overhead Factor	Allocable Amount	Comm.	Split of the Balance Cap	Split of the Balance Deliv	Resulting Allocations Capacity %	Capacity $s	Deliverability %	Deliverability $s	Commodity %	Commodity $s
CONTROLLABLE COSTS													
60101 BASE PAY	56,108	100%	70.0%	95,394	0%	75%	25%	75.0%	71,545	25%	23,848	0%	-
60105 HOURLY PAYROLL	0	100%	70.0%	-	0%	75%	25%	75.0%	-	25%	-	0%	-
60117 VACATION PAY	6,436	100%	70.0%	10,942	0%	75%	25%	75.0%	8,207	25%	2,736	0%	-
60129 SCHEDULED OVERT	692	100%	70.0%	1,177	60%	75%	25%	30.0%	353	10%	118	60%	706
60131 STATUTORY HOLID	2,597	100%	70.0%	4,415	0%	75%	25%	75.0%	3,312	25%	1,104	0%	-
60133 SICK PAY	0	100%	70.0%	-	0%	75%	25%	75.0%	-	25%	-	0%	-
60145 OTHER SALARY EX	0	100%	70.0%	-	0%	75%	25%	75.0%	-	25%	-	0%	-
TOTAL LABOUR	**65,833**			**111,928**									
60401 EMPLOYEE TRAINI	8,742	100%		8,742	60%	75%	25%	30.0%	2,623	10%	874	60%	5,245
61299 OTHER MATERIALS	110,429	100%		110,429	60%	40%	60%	16.0%	17,669	24%	26,503	60%	66,257
61601 CONTRACT SERVIC	70,091	100%		70,091	60%	40%	60%	16.0%	11,215	24%	16,822	60%	42,055
NON-LABOUR COST CENTRE COSTS	**189,262**			**189,262**									
INTERNAL COST RECOVERIES													
79951 CAPITAL PROJECT	(9,870)	100%		(9,870)	0%	75%	25%	75.0%	(7,403)	25%	(2,468)	0%	-
79966 VARIABLE INTERN	78,672	100%		78,672	0%	75%	25%	75.0%	59,004	25%	19,668	0%	-
79967 OTHER RECOVERIE CAPITAL	0	100%		-	0%	75%	25%	75.0%	-	25%	-	0%	-
TOTAL COST RECOVERIES	**68,802**			**68,802**									
TOTAL NET COST CENTRE COSTS	**323,897**			**369,992**					**166,524**		**89,205**		**114,263**
									45.0%		24.1%		30.9%
									18,435		**15,249**		**5,132**
Allocation to Unregulated Storage													**38,816**

OPERATING COST REPORT - DETAIL CADSEP

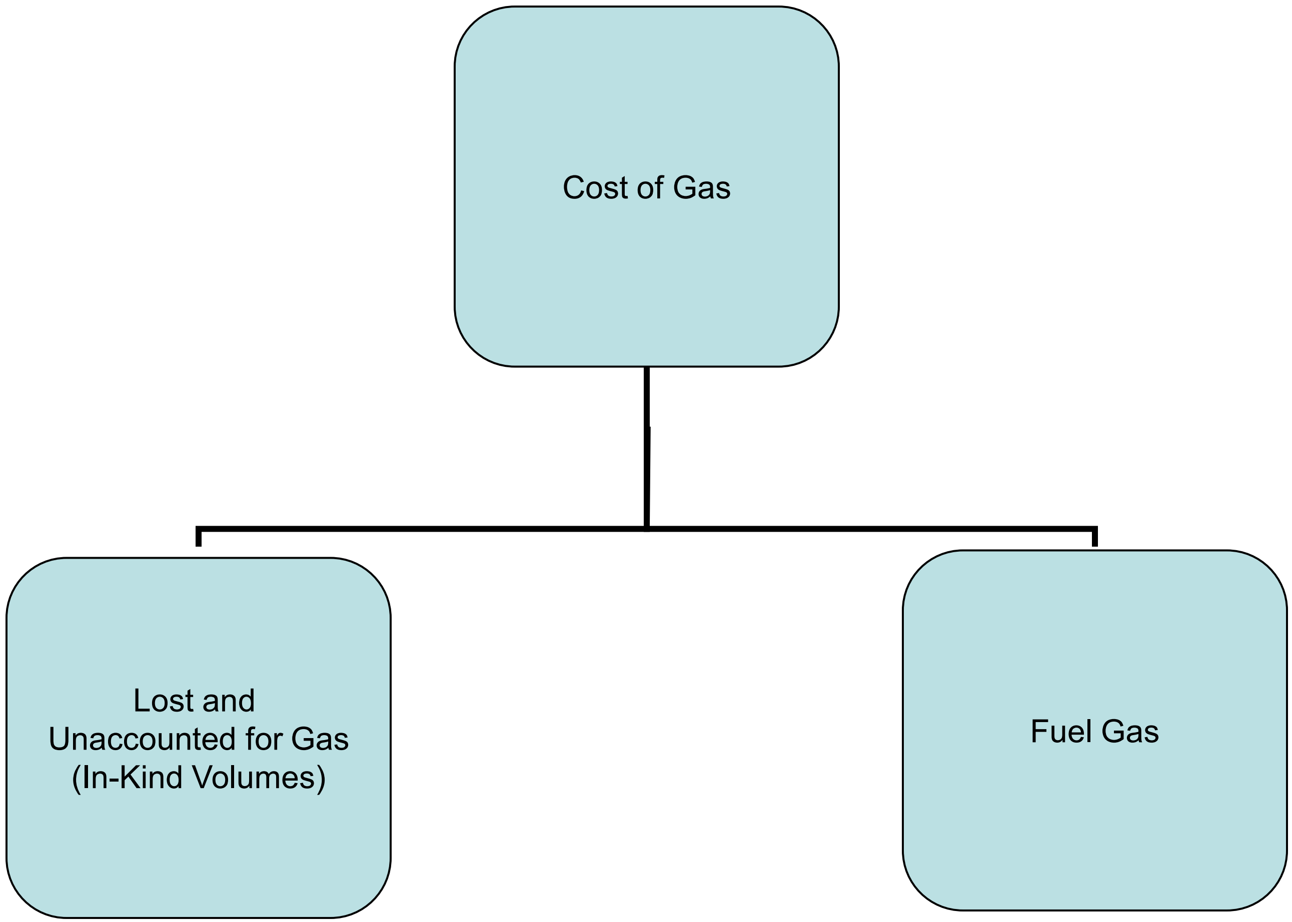
CADDEC
Period: AUG-11 Currency: CAD

	Annual Capacity Bcf	Annual Capacity % of Total	Deliverability Bcf	Deliverability % of Total	Commodity Bcf	Commodity % of Total
Regulated	98.00	**88.93%**	1.94	**82.91%**	11.82	**95.51%**
Un-regulated	12.20	**11.07%**	0.40	**17.09%**	0.56	**4.49%**
	110.20	100.00%	2.34	100.0%	12.38	100.00%

COST CENTRE=25124 (FIELD MAINTENANCE)

	Actual	Applicable Share	Overhead Factor	Allocable Amount	Comm.	Split of the Balance Cap	Split of the Balance Deliv	Resulting Allocations Capacity %	Capacity $s	Deliverability %	Deliverability $s	Commodity %	Commodity $s
CONTROLLABLE COSTS													
61299 OTHER MATERIALS	8,859	100%	0	8,859	0%	40%	60%	40.0%	3,544	60.0%	5,315	0.0%	-
61511 PROFESSIONAL CO	11,772	100%	0	11,772	0%	90%	10%	90.0%	10,595	10.0%	1,177	0.0%	-
61601 CONTRACT SERVIC	304,920	100%	0	304,920	0%	40%	60%	40.0%	121,968	60.0%	182,952	0.0%	-
61805 ENVIRONMENTAL C	0	100%	0	-	0%	40%	60%	40.0%	-	60.0%	-	0.0%	-
DIRECT COST CENTRE COSTS	**325,551**			**325,551**									
TOTAL NET COST CENTRE COSTS	**325,551**			**325,551**					**136,106**		**189,445**		**0**
									41.8%		58.2%		0.0%
									15,068		32,384		-
									Allocation to Unregulated Storage				**47,452**

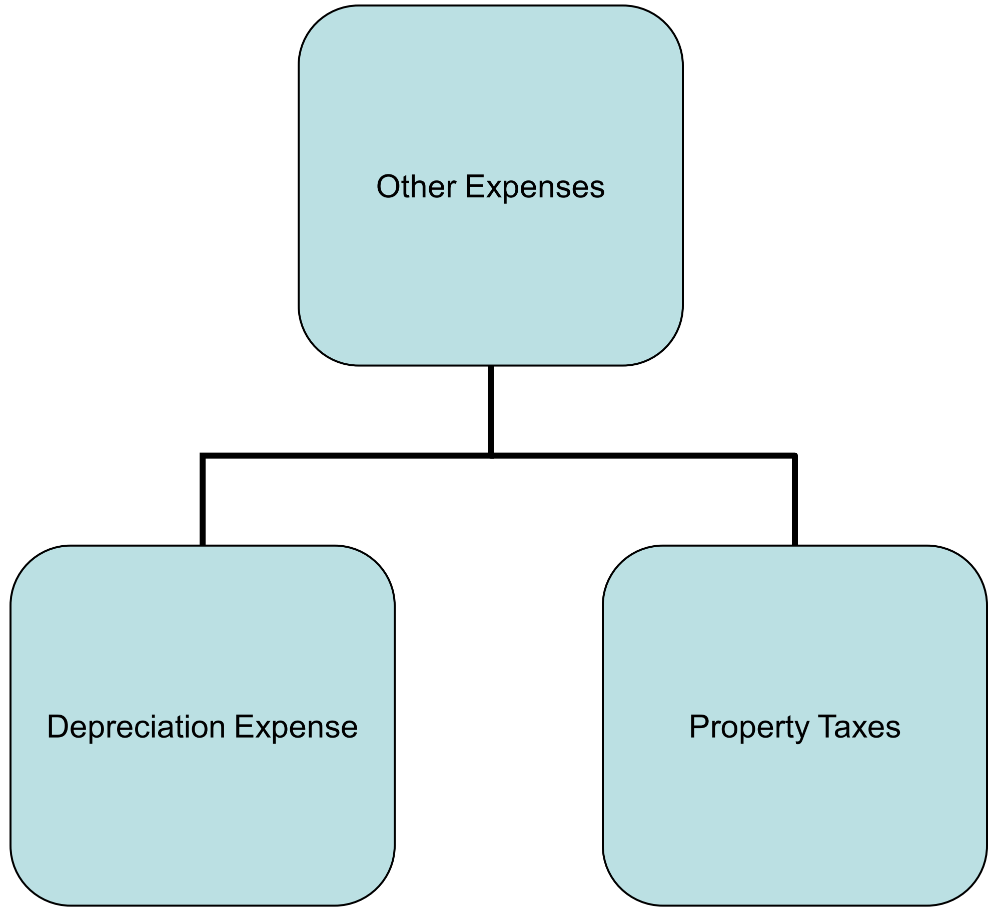
ENBRIDGE GAS DISTRIBUTION INC.
Allocation of Regulated and Unregulated Storage Costs
Cost of Gas Components



- Actual storage capacity and activity
- LUF replacement factor

- Actual monthly storage activity
- Previous October QRAM reference price of gas

ENBRIDGE GAS DISTRIBUTION INC.
Allocation of Regulated and Unregulated Storage Costs
Other Expenses



- Depreciation rates for Unregulated storage assets
- Actual property tax for storage assets – allocated between regulated and unregulated storage operations based on the annual storage capacity and deliverability of each storage operation

CONDITIONS OF SERVICE

1. The Ontario Energy Board (the "Board") issued amendments to the Gas Distribution Access Rule ("GDAR") on October 14, 2011 to have rate-regulated gas distributors include customer service standards and practices in their Customer Service Policies. Enbridge has complied with the GDAR requirements. Its Conditions of Service were filed within the Custom IR proceeding (EB-2012-0459) at Exhibit A1, Tab 5, Schedule 1.

2. Section 8.5 of GDAR sets out the requirements for providing notice to the Board and customers of any amendments to the Conditions of Service. Enbridge is in the process of making a number of updates to its Conditions of Service, which will be effective as of March 7, 2016. Notice will be sent to customers with their bills in advance of that date.

3. For information purposes, Enbridge is providing a copy of the updated Conditions of Service, as Appendix A. Also provided is the Company's "revision history" for the Conditions of Service, which provides details of each change that is being made.

ENBRIDGE GAS DISTRIBUTION INC.

CONDITIONS OF SERVICE

March 7, 2016

Revision History

Version #	Date of Revision	Description *(e.g. "First Draft", "Final Approval Copy")*
1.0		First Draft
2.0	2011/12/30	Section 6.1 Setting Up an Enbridge Account to include the requirement to provide Enbridge with 3 days advance notice of a move. If notification is not received Enbridge will only retroactively adjust the account for a maximum of 30 days from the date notification is received. This will be implemented starting Jan 1 2012. Section 6.3 Security Deposits to revise the good payment history period for return of a security deposit from 24 to 12 months. This will be effective from Jan 2012. Section 6.5 Correction of Billing errors to restrict the period of correction for over or under billing to two years. This will be implemented starting Jan 1 2012. Section 6.9 Management of Customer Accounts originally stated "In a landlord tenant situation Enbridge will follow directions recorded on the account when gas service was initially established". The phrase "when gas service was initially established" has been removed to allow for updated directions to be received from a Landlord.
3.0	2012/03/30	Section 6 now gives a short description of accounts that are classified as Commercial for reference Section 6.1 Setting Up an Enbridge Account removed reference to when these conditions remain in effect Section 6.2 Meter Reading informs customers that they must give access to Enbridge to read the meter at least one per 12 months Section 6.6.3 Discontinuance of Service for Non Payment to inform customers that the Disconnection notice now includes the dates between which the gas service can be disconnected and payment options for avoiding disconnection. This was effective from Jan 2012 Section 6.7 Arrears Management Programs to inform customers of the cancellation of installment plan letter. This was effective from Jan 2012. Also to advise customers working with a Social Assistance agency that they will be given 21 days to secure emergency financial assistance before additional Collections action will be taken. This was effective from Jan 2012. Section 6.9 Management of Customer Accounts to inform Landlords of the new process of recording Landlord directions for the properties they own/manage. This was effective March 2012.
4.0	2013/1/1	Section 6 now includes information for Low Income Customers
5.0	20152016/03/07	This revision captures several typographical and grammatical errors, updates the titles of various Enbridge

		documents, and clarifies several sections of the document. 4. Inserted definition of "applicant". 4.2 Substantial revision of "Service Installations" to reflect Enbridge's current practices and to clarify when a CIAC will be required. 4.3.2 Included references to service regulators. 4.5 Moved definition of "building piping" from Appendix A to Section 4.5 as this is the only instance in the document in which the term is used. 4.6 Clarifies that the customer must make repairs or adjustments prior to the gas being turned on by Enbridge. 5.2.1 Inserted a new paragraph (the last paragraph) describing the process if the customer does not respond to a meter exchange notice. 5.2.2 Amended section to refer to the specific sections of the Electricity and Gas Inspection Act, and delete the previous summary of those sections. 6. Note: All Conditions of Service pertaining to eligible low-income customers have been consolidated in Section 6.11, and cross-references have been inserted in each relevant provision of Section 6 directing readers to Section 6.11 for information applicable to eligible low-income customers. 6. Clarifications have been made throughout Section 6 to consistently refer to the "Enbridge bill" and "all items billed on your Enbridge bill". 6.2 Deleted the reference to a customer providing access for meter reading purposes at least one every twelve (12) months and combined the first and second sentences to clarify that we need access to the meter for the actual meter readings. 6.3 Revised the security deposit section to clarify that a security deposit is required if the customer cannot meet Enbridge's "know your customer" identification requirements. In the security deposit waiver criteria list: (i) deleted the reference to a customer providing a reference letter from another utility in Canada; and (ii) included a reference to a customer requesting Enbridge to conduct a credit check and meeting Enbridge's credit requirements. Added the last paragraph to Section 6.3 regarding the conduct of credit checks by Enbridge. 6.4.1 Enbridge has recently simplified the text on its bill. This section has been substantially revised to reflect the "plain language" definitions on the current Enbridge bill. 6.4.2 Modified to reflect the title on the Enbridge bill: "Charges for *Natural* Gas" (amendment in italics). 6.4.3 Modified description of "Charges from Other Companies" to clarify that the billers are not owned by or affiliate with Enbridge, and Enbridge does not recommend, endorse or guarantee their products or services. 6.4.4 Included the website reference for Paperless Billing sign up. 6.4.5 Included suggested timelines to submit payment to

		avoid the late payment charge for payments made online, in a financial institution or by standard mail. Updated the "Credit Card" section to remove the reference to a specific dollar amount, and refer to the fees payable to the third party credit card service provider. In addition, included the caveat that a customer can only pay by credit cards accepted by the credit card service provider. 6.5 Revised to provide clarity with respect to retroactive billing for all charges on the Enbridge bill. 6.6.3 Inserted the second-last paragraph pertaining to disclosure of notice of a pending disconnection to the landlord of a rented property. Amended the last paragraph to include "or any other charges" in the second line. 6.8 Amended to provide that, after payments are allocated to the oldest billed amount, payments will then be applied to gas charges first and then non-gas charges. The previous Conditions of Service provided that payments would be allocated to the oldest billed amount, and then applied to the non-gas charges first. 6.9 Inserted a new section "Management of Landlord/Tenant Accounts" to expand on a paragraph in the previous Conditions of Service and to incorporate information from our website pertaining to accounts for rented properties. 6.10 Included information pertaining to our collection of information (including personal information) and a reference to the Privacy Policy. Inserted the second-last paragraph pertaining to disclosure of notice of a pending disconnection to the landlord of a rented property. Inserted the last paragraph dealing with Enbridge's "know your customer" process. 6.11 Consolidated the Conditions of Service provisions pertaining to eligible low-income customers in one section (where relevant, there are cross-references to Section 6.11 in the earlier provisions of Section 6). Inserted a reference to the United Way Greater Simcoe County to assist customers who wish to determine if they qualify for LEAP. 6.12 Amended to reflect the correct title (Ombudsman, not Ombud) and change the reference to "dispute resolution" process to "customer service" process to reflect the language used on our website. Appendix A has been modified to reflect the definitions on the current Enbridge bill ("plain language") and remove defined terms that are not used elsewhere in the Conditions of Service.

Contents

Preface

As Canada's largest natural gas distribution company, Enbridge Gas Distribution Inc. ("Enbridge") has been providing natural gas services in a safe and reliable manner for more than 160 years, and currently provides service to over 2 million homes and businesses.

These Conditions of Service describe in summary form Enbridge's operating practices and policies, and are provided as part of our commitment to providing our customers with safe and reliable gas services.

We reserve the right to modify the contents of the Conditions of Service at any time. These Conditions of Service are meant as guidelines and do not supersede any terms and conditions set out in Enbridge's Rate Handbook, or agreed to in our contracts with you.

1. Enbridge Franchise Area and Gas Distribution Services

The following is a current list of cities and towns to which Enbridge provides distribution services.

Eastern Region

Admaston	Hawkesbury	Ottawa
Alfred & Plantagenet	Horton	Pembroke
Arnprior	Laurentian Hills	Perth
Beckwith	Laurentian Valley	Petawawa
Brockville	Leeds and Grenville	Renfrew
Carleton Place	McNab-Braeside	Rideau Lakes
Casselman	Merrickville-Wolford	Russell
Champlain	Mississippi Mills	Smiths Falls
Clarence-Rockland	Montague	South Glengarry
Deep River	North Glengarry	Tay Valley
Drummond-North Elmsley	North Grenville	The Nation
Elizabethtown-Kitley	North Stormont	Whitewater Region

Central Region

Adjala	East Luther Grand Valley	Penetanguishene
Ajax	Erin	Peterborough
Amaranth	Essa	Pickering
Asphodel-Norwood	Georgina	Richmond Hill
Athens	Grey Highlands	Scugog
Aurora	Havelock Belmont Methuen	Severn
Barrie	Innisfil	Shelburne
Bradford-West Gwillimbury	Kawartha Lakes	Smith-Ennismore-Lakefield
Brampton	King	Southgate
Brighton	Markham	Springwater
Brock	Melancthon	Tay
Caledon	Midland	Tiny
Cavan Monaghan	Mississauga	Toronto
Clarington	Mono	Trent Hills
Clearview	Mulmur	Uxbridge
Collingwood	New Tecumseh	Vaughan
Douro-Dummer	Newmarket	Wasaga Beach
Dufferin	Orangeville	Wellington
Durham	Oshawa	Whitby
East Garafraxa	Otonabee S- Monaghan	Whitchurch
East Gwillimbury		

Niagara Region

Fort Erie	Niagara-on-the-Lake	Thorold
Grimsby	Pelham	Wainfleet
Lincoln	Port Colburne	Welland
Niagara Falls	St. Catharines	West Lincoln

2. Gas Distribution Services

2.1. Gas Supply and Delivery

Gas will be delivered and (if a customer purchases its gas from Enbridge) supplied to our customers within our franchise area under the following circumstances:

- there is sufficient supply of gas;
- there is sufficient capacity in Enbridge's distribution system; and,
- the supplying and/or delivering of gas is economically feasible.

2.2. Gas Supply and/or Delivery Under More than One Rate Schedule

Gas may be delivered and, if applicable, supplied under more than one rate provided the customer meets all the applicability requirements of each rate schedule as approved by the Ontario Energy Board. Gas delivered and, if applicable, supplied under each rate schedule will normally be metered separately but may be taken through one meter provided Enbridge and the customer agree in writing upon a formula for determining the delivery and supply services that the customer will purchase under each rate schedule.

2.3. Interruptions in Gas Distribution and/or Supply

Customers may be required to curtail or discontinue the use of gas if the supply of gas is jeopardized by any of the following:

- in the event of actual or threatened shortage of gas due to circumstances beyond the control of Enbridge;
- when curtailment or restriction is ordered by any government or agency having jurisdiction; or
- for any force majeure event (described below).

Enbridge shall not be liable for any loss of production, nor for any damages whatsoever due to such curtailment or discontinuance. Enbridge may also interrupt service from time to time for repair and maintenance of facilities. Except in the case of an emergency, Enbridge will provide affected customers with reasonable notice of such interruption.

2.4. Force Majeure

Customers of Enbridge shall not have any claim against Enbridge for damages sustained as a result of the interruption or cessation of gas deliveries caused by force majeure which include:

- acts of God, the elements;
- labour disputes, strikes, lockouts;
- fires, accidents;
- the breakage or repair of pipelines or machinery;
- curtailment by an upstream gas transporter;
- depletion or shortage of gas supply;
- order of any legislative body or duly constituted authority; or
- any other cause or contingencies beyond the control of Enbridge.

[*Remainder of page intentionally left blank*.]

3. Rate Schedule

3.1. Changes in Rate Schedules

In the event the Ontario Energy Board amends the rate schedules of Enbridge, the amended price or amended terms and conditions shall apply to services provided under the rate schedules after the effective date established by the Ontario Energy Board.

4. Initiation of Service

A potential customer that has applied for natural gas service is referred to in this section as the "applicant".

4.1. Main Extensions

Enbridge will extend its gas main within its franchise area to serve new customers when it is feasible, in accordance with Enbridge's feasibility policy and procedures, to do so. Enbridge will look at the following when determining feasibility:

- the number of potential new customers within the next five years;
- the amount of natural gas to be used; and,
- the cost of extending the gas main.

If the cost of the extension is not economically feasible, the applicant(s) will be required to pay a contribution in aid of construction (CIAC). Enbridge will determine the contribution amount and communication will be provided to the applicant(s) in writing.

4.2. Service Installations

As part of the process to connect an applicant to Enbridge's natural gas distribution system, we complete a construction estimate to assess the costs associated with your installation. We perform a feasibility analysis to determine whether there are any charges to the applicant for the service installation. Applicants may be required to pay a contribution in aid of construction (CIAC) as your share of the costs to make the installation financially feasible.

The installation costs will vary depending on the nature of the installation. Factors that may affect the installation costs include: the size and type of material required; the cost of required permits or fees; obtaining any land rights; complexity of construction, including the need for horizontal directional drilling, or proximity to a high-pressure or sensitive gas main; and environmental or geotechnical considerations, such as the presence of rock.

Enbridge will determine the location at which the service will enter a building. The normal point of entry will be through the wall nearest to the gas supply. Where feasible, and at Enbridge's sole discretion, the service may be installed to accommodate requests made by an applicant. The applicant will be responsible for additional costs incurred by Enbridge associated with any such accommodation, if such accommodation affects the feasibility analysis for the installation.

If a CIAC is required, Enbridge will notify the applicant of the CIAC and the applicant may be required to sign a CIAC agreement. Once the CIAC has been paid in full by the applicant, Enbridge will process the application for service and plan the installation based on the next available appointment.

If an applicant for gas service requests an installation that requires part of the service or main to be installed on property that is not owned by the applicant, land rights (in the form of an easement) from the property owner will be required for the installation and maintenance of all necessary gas lines and equipment. The cost of obtaining such land rights will be included in the installation costs (and the CIAC, if applicable). If there are difficulties obtaining the necessary land rights, this will impact the timing of the installation or whether the installation can proceed.

Enbridge will try to restore property to the approximate condition in which it was found before starting our operations. This includes property that is excavated or may be disrupted during laying, constructing, repairing or removing our facilities. Restoration costs are included in the installation costs (and the CIAC, if applicable).

Based on the many factors affecting construction, Enbridge cannot guarantee the time it will take to install a new service.

It is important that you activate your natural gas account within six months of installation. If you do not have an active gas account within six months of installation of a new gas service, you will be required to pay Enbridge's installation costs.

4.3. Location of Meter and Service Regulators

Enbridge shall supply each customer with a meter of a size and type that will adequately measure the gas supplied. Enbridge shall:

4.3.1 Make every effort to install meters and service regulators so as to be at all times accessible for inspection, reading, testing, maintaining and exchanging.

4.3.2 Not install meters or service regulators in locations prohibited by law. The following locations are specifically prohibited:

- For meters: (i) under combustible stairways; (ii) unventilated areas; (iii) inaccessible areas; or (iv) within 90 cm (3 feet) of a source of ignition; and
- For service regulators: within 90 cm (3 feet) of a building opening, and within 305 cm (10 feet) of a mechanical air intake).

4.3.3 Install all meters outside the building to which gas is supplied except in rare circumstances where it is not practical.

4.3.4 Provide protection where outside meters and regulators are installed in locations that do not afford reasonable protection from damage.

Anyone who is not an authorized agent of Enbridge shall not be permitted to connect or disconnect our meters or regulators, nor shall any piping be connected to or disconnected from Enbridge's facilities except by representatives of Enbridge.

Customers are responsible, subject to the provisions of paragraph 4.3.4, for protecting all metering and regulating equipment necessary for the supply of gas and for keeping it accessible at all times.

4.4. Alterations

Alterations or service relocation requests will be dealt with as follows:

- The cost of work done to relocate existing equipment solely for the convenience of the customer will be charged to the customer.
- The undepreciated cost of any equipment abandoned as a result of relocation for the customer's convenience, or replacing equipment to increase their capacity to accommodate a customer's increased requirements, may be charged to the customer.

4.5. Customer Responsibilities Regarding Building Piping Appliances & Equipment

As an applicant for service, a customer shall:

- at their own expense, install all piping, controls, safety devices and other attachments necessary from the meter to the equipment or appliances served;
- ensure the building piping, appliances and equipment are installed in accordance with regulations made under the authority of statutes passed by the Province of Ontario establishing the requirements for the installations of such facilities; and
- be responsible for maintaining all building piping, appliances and equipment in a good and safe condition. Such maintenance will be at the customer's own expense.

Building piping includes pipe, whether indoors, outdoors, exposed or buried, which brings gas from the "point of delivery" to each point of utilization including plugged or capped gas valves.

If there is a leakage or escape of gas on a customer's premises, the customer is required to notify Enbridge immediately by calling our emergency number at 1-866-763-5427.

Enbridge shall not be liable to the customer for any damages. The customer shall indemnify Enbridge from and against all loss, costs, damages, injury, or expense associated with any injury or damage to persons or property arising, either directly or indirectly, from or incidental to the escape of gas or products of combustion of gas from building piping, venting systems or appliances on the customer's side of the point of delivery.

For the purposes of inspecting or repairing or of altering or disconnecting any service pipe within or outside the building, the customer shall ensure that free access is permitted to Enbridge at all reasonable times, and upon reasonable notice given and request made, to all parts of every building or other premises to which gas is supplied.

4.6. Inspections of New Installations

All inspections shall conform to the *Technical Standards and Safety Act* and regulations. In particular, all new installations of supply piping, gas appliances and installations will be inspected prior to gas being introduced to a building in accordance with the *Technical Standards and Safety Act* and regulations. If an inspection reveals that repairs or adjustments are required, the customer will be advised and repairs or adjustments to the customer's equipment must be completed by the customer prior to the gas being turned on.

5. Maintenance of Service

5.1. Turning Off and Turning On Gas Supply

In an emergency, the gas supply to appliances may be turned off in the interest of safety. Only a qualified person holding an appropriate certificate from the regulatory authority having jurisdiction may turn on the supply of gas to appliances which have been turned off.

Except in the case of a notification of a hazard, the turning on and off of the gas supply for purposes of installing, servicing, removing or repairing gas appliances may only be done by a person certified to perform this work by the regulatory authority having jurisdiction.

[*Remainder of page intentionally left blank*.]

5.2. Meter Exchange and Testing

5.2.1 Meter Exchange

Under Government of Canada regulations (Section 12 of the *Electricity and Gas Inspection Act*), Enbridge is required to periodically exchange gas meters for government inspection.

To complete the meter exchange, we will shut off the gas supply to your existing meter, replace it with a new meter and then relight and inspect all of your natural gas equipment. There is no charge for this service.

If we are required to exchange your meter we will contact you via letter or telephone. Please call the number provided to make an appointment. The inspector who comes to your property will carry valid Enbridge photo ID and you may ask to see it before providing access to your property.

There may be times where there has been no response to our attempts to contact you. In those cases, the meter will be exchanged and left off. A card will be left at your property requesting you to call our service department for an appointment; please call our service department and we will return to unlock your meter and to relight your natural gas appliances.

5.2.2 Meter Testing

Should a meter fail to register the amount of gas used, consumption shall be estimated by Enbridge and supply and/or delivery charges shall be paid for by the customer in accordance with such estimate.

Should a customer dispute the accuracy of a meter, you can apply to have a government inspection of your meter (please refer to Sections 23 and 24 of the *Electricity and Gas Inspection Act*).

In the event of an erroneous connection or incorrect use of an apparatus, the error shall be deemed to have existed from the time of connection.

In the event it can be, through records, determined when an error occurred, the bill will be retroactive to that time.

6. Customer Service for Residential and Low-Income Customers

For the purposes of this section, “customer” means a residential customer (referred to as “you” in this section). If you are a low-income customer, our Conditions of Service pertaining to eligible low-income customers are set out in Section 6.11.

Any property which receives gas distribution services for non-residential purposes is classed as a “commercial” account and this Section 6 would not apply.

6.1. Setting up an Enbridge Account

Whether you are a first time customer of Enbridge or moving from an existing Enbridge account, you should notify us before taking possession of a new home. Enbridge requires at least 3 business days (including Saturdays) advance notice of a move. If advance notice is not given Enbridge will only retroactively adjust the account for a maximum of 30 days from the date notification is received.

On our website you will find information on how to submit either an “Open a New Enbridge Account” or “I’m Moving” form. You can also call the Enbridge Call Centre at 1-877-362-7434.

As an Enbridge customer you will be expected to comply with the terms and conditions for natural gas service and will be obliged to pay for all gas supplied and/or delivered to your premises and all items billed on your Enbridge bill.

6.2. Meter Reading

Enbridge reads your meter every other month and will estimate your consumption based on your historical gas usage in between readings; Customers must provide access to Enbridge or its agent for meter reading purposes. If Enbridge's representative is unable to read the meter, a bill will be issued based on an estimated reading. If Enbridge has been unable to read a meter during normal working hours, arrangements will be made to obtain a reading at the customer's convenience. You can also submit your own meter reading using the "Submit Meter Reading Form" on our website at www.enbridgegas.com/meter or, alternatively, you can call the Enbridge Call Centre at 1-800-268-5442.

6.3. Security Deposits and Credit Checks

Security deposits are collected to secure payment for future charges in the event of a customer not paying their bill. To protect against losses, Enbridge reserves the right to request a security deposit from its customers as a condition of supplying gas service. All new residential customers are subject to a security deposit, unless they meet one of the waiver criteria outlined below. If you are required to pay a security deposit, an amount of $250.00 will be charged on your next Enbridge bill. Payment of the security deposit is required by the late payment effective date indicated on your bill.

A security deposit will be required if the customer cannot meet Enbridge's "know your customer" identification requirements, regardless of whether one or more of the waiver criteria are met.

Enbridge will waive your security deposit requirement if you meet our criteria, which include the following:

- If you have moved and your previous Enbridge account has a good payment history;
- If you choose to sign up for our Pre-Authorized Payment Plan;
- If you request us to conduct a credit check and you meet our credit requirements; or
- If you are an eligible low-income customer and meet the criteria set out in Section 6.11 of these Conditions of Service (Customer Services for Low-income Customers).

Enbridge will review all security deposits on a monthly basis from the date the deposit is fully paid. If you have paid a security deposit, it will be refunded (with interest) once you have demonstrated good payment history for a period of 12 months, and the refund will appear as a credit on the following Enbridge bill.

Good payment history is maintained unless you have experienced any of the following:

- Your account has been in arrears in the last 12 months;
- Receipt of a disconnection notice from Enbridge;
- A payment you provided to Enbridge has been returned for insufficient funds; or
- Your gas has been turned off due to non-payment.

Interest earned on your security deposit will be paid upon return of all or any part of the security deposit or at the time you close your account, whichever comes first. Simple interest will be earned on all security deposits except those held for a total of six months or less. The interest rate applicable to security deposits in any year will be established quarterly and will be based upon the Ontario Energy Board prescribed interest rates. Interest is calculated retroactively to the date the security deposit was received.

Security deposits are not to be considered as prepayments for future charges.

From time to time, Enbridge may investigate your credit record and conduct a credit check (including obtaining a credit report) to support Enbridge's billing and collections processes. Such actions may be taken in connection with the review of your application for service, determination of whether a security deposit is required, account amendment or renewal, account collection action or dispute investigation. Enbridge may also report information (such as late payments, missed payments or other defaults) about your account to credit reporting agencies.

6.4. Bill Issuance and Payment

6.4.1 Your Monthly Bill

The Ontario Energy Board regulates and approves Enbridge's charges. Enbridge charges you the following charges on a monthly basis:

- **Customer Charge**
  The cost of our operations, customer and emergency services. This charge is billed monthly whether or not you consume gas during the month.

- **Transportation to Enbridge**
  The cost of transporting natural gas from Western Canada and the US to Enbridge in Ontario. You can choose to buy transportation services from Enbridge or a marketer (in which case, the price you pay for the Transportation to Enbridge charge depends on the contract terms with your marketer). This charge is billed based on the amount of natural gas consumed.

- **Delivery to You**
  The cost to safely and reliably deliver natural gas through Enbridge's distribution system to your premises and billed based on the amount of natural gas consumed. This charge is on a descending scale: the more gas consumed, the lower the charges per cubic meter (m^3).

- **Gas Supply**
  The cost of the natural gas itself. You can choose to buy natural gas from Enbridge or a marketer (in which case the price you pay for the Gas Supply Charge depends on the contract terms with your marketer). This charge is billed based on the amount of natural gas consumed.

There are other charges that may appear on your bill from time to time based on events that occur with your account. These include:

- **New Account Charge**
  If you open a new account with Enbridge, the first bill will include a one-time service charge of $25.00, to help cover the costs of setting up the account, taking a meter reading and related work.

- **Late Payment Effective Date/Late Payment Charge**
  Your bill is due when you receive it which is considered to be three days after the bill date. If you do not pay your bill in full by the late payment effective date on the first page of your bill, an Ontario Energy Board-approved late charge equal to 1.5% per month or 18% per year (for an effective rate of 19.56% per year) multiplied by a total of all unpaid Enbridge charges will be added to your bill. A late payment charge, calculated and assessed in the same manner, will also be added to your bill if full payment for all other charges on your bill is not received by the late payment effective date on the first page of your bill.

Late payment charges are not applied to security deposit amounts owing to Enbridge.

- **Adjustments**
  Your bill may show adjustments to charges from time to time when there is a correction made on your account.

For more information on the charges that appear on your bill, visit the "Understanding Your Bill" section on our website https://www.enbridgegas.com/homes/accounts-billing/understand-your-bill/.

6.4.2 Billing from a Licensed Energy Marketer

If you buy your natural gas supply from a licensed energy broker, your gas supply charges, along with the name of your licensed energy broker will appear in the 'Charges For Natural Gas' section of your Enbridge bill.

6.4.3 Charges from Other Companies

Enbridge provides a billing service to other companies to include their charges on the Enbridge bill. If you have purchased a product or service from a participating company, the charges would appear in the section called "Charges From Other Companies" on your Enbridge bill. These companies are not owned by or affiliated with Enbridge. Enbridge does not recommend, endorse or guarantee the products or services offered by such companies. If you have a question about their products or services, you should contact them directly.

This billing service helps make paying bills more convenient for you. You receive one bill and make one monthly payment to Enbridge Gas Distribution. This service also helps to lower rates by sharing costs with the billers.

6.4.4 Billing Options

- **Paperless Billing** eBill

  Enbridge offers customers an environmentally friendly and secure bill delivery option in the form of a paperless bill. You can view and store up to 24 months of bills electronically through this service. You can sign up for paperless billing at www.enbridgegas.com/ebill.

- **Budget Billing Plan**

  The Enbridge Budget Billing Plan (BBP) is available to all residential gas heating customers at any time during the year and provides the convenience of paying equal amounts throughout the year and avoiding higher bills in winter months. Using your prior year's gas usage, Enbridge forecasts the amount of gas you will use and applies the current gas price to determine your monthly BBP installment.

  The BBP season runs from September to July each year. In July, Budget Billing Plans are reviewed and reconciled and customers are billed or credited a BBP Final Adjustment that represents the difference between the charges for gas actually used from the time you join the plan and the monthly BBP installments billed to date. In the month of August, you are billed for the actual gas used in the month. The new plan then starts again in September.

  Should a credit balance result after the annual reconciliation, the amount will be credited to your account and will appear on your July bill. If you choose to have the amount refunded, you can call the Enbridge Call Centre at 1-877-362-7434 and a refund cheque will be issued.

Should a chargeable balance result after the annual reconciliation, the amount will be charged to your account and will appear on your July bill. In the event that the BBP Final Adjustment charge is higher than expected, you may choose to call the Enbridge Call Centre at 1-877-362-7434 and one of our Customer Service Representatives will work with you to determine suitable payment arrangements.

At a minimum, one mid-season BBP review will occur usually at the beginning of the next calendar year. The mid-season review will recalculate your monthly BBP installment to ensure accuracy as weather, usage and rate changes could affect the actual charges for gas you use. After the mid-season review, the new monthly installment amount will be billed on your next bill and a bill message will explain that there was a review of your monthly BBP installment.

Customers are encouraged to monitor their BBP details (actual gas charges billed to date versus BBP installments billed to date) and may request a review at any time.

A number of factors can create a variance in the plan. Significant changes in weather, gas prices, change in gas marketers, or gas use in the home, such as installing a new natural gas appliance, can create a difference between actual gas costs and installment amounts.

First time gas customers are automatically assigned to the BBP unless they request otherwise.

6.4.5 Payment Options

- **Pre-Authorized Payment**

Enbridge also offers a Pre-Authorized Payment Plan. Signing up for the Pre-Authorized Payment Plan will allow your amount due to be automatically withdrawn from your bank account on the day before the late payment effective date.

- **Other payment options include:**

  - Online or in person at a financial institution (to avoid the late payment charge, please allow 7 days for your payment to reach our office).

  - Telephone Banking

  - Credit Card
    Subject to any convenience or other fees payable to the third party credit card service provider, you may use a valid credit card (that is accepted by the credit card service provider) to make a payment.

  - Western Union
    For customers with overdue amounts that are at or nearing disconnection for non-payment, you may choose to make a payment for a fee through Western Union.

  - Standard Mail (Cheque or Money Order)
    You can send a cheque or money order (no cash please), along with the bottom tear-off portion of your bill, to:

    Enbridge
    P.O. Box 644
    Toronto, ON M1K 5H1

Please make your cheque or money order payable to "Enbridge Gas Distribution Inc." and write your account number on the front. To avoid the late payment charge, please allow 7 days for your payment to reach our office.

- Pay in Person (Cheque or Money Order)
  You may also drop your cheque or money order payment off at one of our payment drop boxes located in the following locations 24 hours a day:

  (Please note: for your security, we cannot accept cash at these offices.)

  VPC Office
  500 Consumers Road
  North York, Ontario

  Ottawa Office
  400 Coventry Road
  Ottawa, Ontario

  Thorold Office
  3401 Schmon Parkway
  Thorold, Ontario

6.5. Correction of Billing Errors

When a customer has been billed incorrectly, retroactive billing is required. Retroactive billing ensures that all charges not previously included on the Enbridge bill or previously billed incorrectly on the Enbridge bill are billed correctly to the customer. Retroactive billing can be the result of either a customer error or an Enbridge error.

Where billing errors, either through Enbridge or customer error, have resulted in either under or overbilling, the customer will be charged or credited with the amount erroneously billed for a period not exceeding two years.

If you have been under-billed, Enbridge will work with you to determine a suitable payment arrangement.

6.6. Discontinuance of Gas Supply or Delivery

6.6.1 Customer Initiated Discontinuance

A customer will continue to be bound by these Conditions of Service and will be obliged to pay for all gas supplied and/or delivered to the premises along with all other charges on the Enbridge bill including late payment charges until Enbridge has terminated the supply of gas following the acceptance of a request for termination from the customer.

6.6.2 Emergency or Safety Related Discontinuance

In addition to service interruption for maintenance and force majeure events, Enbridge may discontinue gas supply and/or delivery to any customer for any of the following reasons:

- for use of gas for any purpose other than that described in the service application, gas supply contract, or rate schedule;
- if Enbridge is refused access for any lawful purposes to the premises to which gas is supplied and/or delivered;

- when Enbridge property on a customer's premises is in any manner tampered with, damaged, or destroyed;
- when Enbridge has reason to believe that an unsafe condition exists on the premises or may develop from a continuation of gas supply and/or delivery;
- when a gas installation contravenes the provisions of the *Technical Standards and Safety Act*, associated regulations, or any other applicable enactment; or
- when there is evidence of gas theft.

Discontinuance of gas supply and/or delivery for any of the reasons set out in paragraph 6.6.2 shall result in a disconnection charge payable by the Customer.

6.6.3 Discontinuance of Service for Non-payment

Enbridge charges are due when the bill is received, which is considered to be three days after the date the bill is rendered. If, for any reason, you are unable to make full payment you are encouraged to contact Enbridge to make suitable payment arrangements. Customers can call the Enbridge Call Centre at 1-877-362-7434.

If the bill is not paid in full and you have not contacted Enbridge to make payment arrangements, under the *Public Utilities Act*, Enbridge has the right to discontinue gas service. Prior to discontinuance of gas service Enbridge will provide a minimum 48 hours' notice in writing to advise when the disconnection will occur. The written notice includes the dates between which the gas service can be disconnected and payment options for avoiding disconnection. An attempt to call you to discuss your gas account will also be made at this time.

If you are seeking payment assistance through a registered charity, government agency, social service agency or a third party. Please see Section 6.11 below for information on financial support and customer service rules available for Enbridge's eligible low-income customers.

If a rented property will have the service discontinued for any reason, notice of a pending disconnection may be provided by Enbridge to the Landlord (as defined in Section 6.9 below) of the premises.

If your meter has been turned off for non-payment, when payment in full is received by Enbridge (including any disconnection charges, security deposit or any other charges), Enbridge will reconnect your gas meter within 48 hours.

6.7. Arrears Management Programs

Enbridge has different arrears management programs available to customers who are unable to pay their entire bill. Enbridge works with customers depending on their individual circumstances to come up with a mutually agreeable payment arrangement. Customers requiring assistance are encouraged to call the Enbridge Call Centre at 1-877-362-7434 to discuss options.

Customers who miss making a payment as part of their payment arrangement will be contacted by the use of electronic mail ("email"), a text message, a phone call, or sent a letter giving notice of the missed payment and the date on which their current arrangement will be cancelled.

In the event that you are an eligible low-income customer having difficulty paying your bill, emergency financial assistance is also available. Please see Section 6.11 below for information on financial support available for Enbridge's eligible low-income customers.

6.8. Allocation of Payments between Gas and Non-Gas Charges

Payments are applied to your Enbridge bill charges based upon the oldest billed amounts being paid first. In the event that payment is insufficient to cover all charges invoiced in a month, payments will be allocated to gas charges first. Any charges that remain outstanding past the late payment effective date will incur a late payment charge as mentioned in the “Bill Issuance and Payment” section.

6.9. Management of Landlord/Tenant Accounts

References to “Landlord(s)” in this document includes the owner, landlord or property management company of a rented property.

Enbridge has processes for recording directions received from Landlords on how to manage accounts at rented properties in between tenants. If you are a Landlord, please complete the Landlord Agreement located at https://www.enbridgegas.com/homes/start-stop-move/landlord-tenant.aspx to provide Enbridge with your directions. Enbridge provides the following options:

Option 1: Continued Service

The Landlord authorizes Enbridge to bill the service to the Landlord in between tenants. This means the Landlord pays for continued service until a new tenant assumes responsibility for the natural gas account.

Option 2: No Service

The Landlord authorizes Enbridge to disconnect the gas service when there is no active account holder. This means:

- the Landlord is responsible and liable for any damages which may occur as a result of the service being disconnected; and
- the Landlord will also be responsible for any reconnection fees.

If the Landlord does not elect one of the two options above by completing and returning the Landlord Agreement, Enbridge will continue to supply gas to the premises on the basis that the account will be in a generic name and the bills will be sent to the service address. In the event of non-payment, our regular collection and redlocking processes will be followed. If the Landlord wants to ensure that it does not run the risk of disconnection for non-payment of a rented property, please complete and submit the Landlord Agreement, selecting Option 1 (Continued Service)

If ownership of the premises changes, the incoming Landlord is responsible for notifying Enbridge and electing their preferred option. If the incoming Landlord does not make an election by completing and returning the Landlord Agreement to Enbridge, they will be deemed to have elected the previous Landlord’s election.

6.10. Management of Customer Accounts

Enbridge is committed to providing excellent service and to ensuring that relationships with customers are conducted with integrity and in a responsible, fair, honest and ethical manner. Consistent with these objectives Enbridge maintains high standards of confidentiality with respect to the personal information in its possession. We collect information (including personal information) about our customers from our customers directly and from other sources (for example, credit bureaus as further discussed in Section 6.3), for the purposes identified in our privacy policy (available at https://www.enbridgegas.com/privacy) including to:

- establish and confirm identity (for example, name, address, phone number, date of birth, Driver's License, etc.);
- set up an account for gas purchase and delivery; and
- confirm credit history.

Any personal information related to a customer's account will only be shared with the party named on the account or any third party designated by the customer or as otherwise set out in our privacy policy. To provide consent for another person or a third party to discuss your account details with Enbridge, you must contact our Enbridge Call Centre at 1-877-362-7434 to advise us of your permission to discuss your account with these parties.

In addition, if a rented property will have the service discontinued for any reason, notice of a pending disconnection may be provided by Enbridge to the Landlord (as defined in Section 6.9 above) of the premises.

To ensure that Enbridge can identify its customers and ensure that it is dealing with the correct person when a customer contacts Enbridge, Enbridge has a "know your customer" process to collect and update customer information. When you contact Enbridge, you will be required to correctly answer confirmatory questions and, where necessary, update the information associated with your Enbridge account.

6.11. Customer Services for Eligible Low-Income Customers

The Low-Income Energy Assistance Program (LEAP) developed by the Ontario Energy Board is a year-round program to assist eligible low-income customers with their bill payments and natural gas costs. It consists of three elements: (i) emergency financial assistance, (ii) customer service rules, and (iii) targeted conservation and demand management programs. The LEAP Emergency Financial Assistance program and the customer service rules are described below. For more information on the LEAP Emergency Financial Assistance program please visit www.enbridgegas.com/leap. For more information on the LEAP targeted conservation and demand management programs please visit www.Enbridgegas.com/winterproofing.

The following definitions are relevant to the LEAP:

- An "eligible low-income customer" means a residential customer who has a pre-tax household income at or below the most recent pre-tax Low Income Cut-Off, according to Statistics Canada, plus 15%, taking into account family size and community size, as qualified by a Social Service Agency or Government Agency; or has been qualified for Emergency Financial Assistance.

- "Emergency Financial Assistance" means any Board-approved emergency financial assistance, or other financial assistance made available by a distributor, to eligible low-income customers.

- A "Social Service Agency or Government Agency" means a social service agency or government agency that has partnered with Enbridge to assess eligibility for Emergency Financial Assistance, the customer service rules or the targeted conservation and demand management programs.

For the purposes of the low-income customer service policies, if a customer is qualified as an eligible low-income customer, the customer's Enbridge gas account will reflect their low-income status for two years from the date Enbridge was notified the customer was qualified.

If you are an eligible low-income customer, there are service-related standards and practices that are available to you pertaining to security deposits and arrears management:

- Enbridge will waive your security deposit requirement if you are an eligible low-income customer (see definition above) and are moving residences, providing the following conditions are met:
  - you are enrolled in the budget billing plan
  - you do not have an account with a financial institution and
  - your gas service has not been disconnected due to non-payment in the past two years.
- LEAP Emergency Financial Assistance (defined above) provides financial assistance to families in need. Customers who are working with a Social Service Agency or Government Agency will be given 21 days to secure Emergency Financial Assistance before additional collection action will be taken for non-payment.
- Eligible low-income customers that enter into a payment agreement will have the late payment charges waived on the payment arrangement balance. In the event that an eligible low-income customer defaults on an arrears payment agreement, then the option to have late payment charges waived with any future arrears payment agreement will no longer be automatically available. Disconnection of gas service is always a last resort.

To determine if you qualify for LEAP, please contact:

United Way Greater Simcoe County (UWGSC)
1-855-487-LEAP (5327)

If you qualify, UWGSC will refer to you a local Social Service Agency or Government Agency who will book an appointment with you to complete the required application and provide your supporting documentation.

6.12. Our Customer Service Process

Step 1: Call the Enbridge Call Centre at 1-877-362-7434
Enbridge Customer Service Representatives (CSRs) are trained to help answer your questions.

Step 2: Ask to Speak to a Supervisor
If you feel that your questions are not being fully addressed by the CSR, please ask to speak to a supervisor. They'll try to work with you to resolve your issue.

Step 3: Contact the Enbridge Customer Ombudsman
If you've spoken to a CSR and a supervisor and are not completely satisfied with the solution provided, the supervisor will offer to elevate your concern to the Enbridge Customer Ombudsman's office.

For complete information regarding our customer service process, please visit the Enbridge website: https://www.enbridgegas.com/contact-us/.

APPENDIX A

DEFINITION OF TERMS

Cubic Metre ("m^3") - That volume of gas which at a temperature of 15 degrees Celsius and at an absolute pressure of 101.325 kilopascals ("kPa") occupies one cubic metre. 10^3m^3 equals 1,000 cubic metres.

Curtailment - An interruption in a customer's gas supply at a Terminal Location resulting from compliance with a request or an order by Enbridge to discontinue or curtail the use of gas.

Customer – means any person, persons, company or corporation receiving gas through an Enbridge meter.

Gas – natural gas.

Gas appliance – means any device approved by the appropriate governmental authority which uses gas as a fuel or as a raw material.

Meter – means a device owned by Enbridge and approved by the appropriate governmental authority and installed to measure the volume of gas delivered to the customer.

Month or monthly – means, for the purposes of calculating customers' accounts, a period of approximately 30 days.

Point of delivery – means that point at which gas leaves Enbridge's metering and regulating facilities and is delivered to you or, if there are no such facilities, Enbridge's shut-off valve.

Rate schedule – a numbered rate of Enbridge as fixed or approved by the Ontario Energy Board ("OEB") that specifies rates, applicability, character of service, terms and conditions of service and the effective date.

Service – means the pipe or tubing and associated fittings which transmits gas from the pipeline to the meter inlet connection. Where unmetered gas is provided, the service shall be deemed to terminate at the shut-off valve located closest to the building entry, immediately inside the building wall. Where gas pressure regulation is necessary, the service regulator shall form part of the service.

Terminal Location – is the building or other facility of the customer at or in which natural gas will be used by the customer.

CURRICULUM VITAE OF
FAHEEM AHMAD

Experience:	Enbridge Gas Distribution Inc.
	Manager, Customer Portfolio and Policy 2010
	Program Manager, Financial Assessment 2007
	Supervisor, Gas Supply Analysis 2006
	Program Manager, Portfolio Management 2004
	Program Manager, Capital Appropriations 2003
	Senior Advisor, Financial Business Performance 2001
	Enbridge Incorporated
	Financial Analyst, Business and Financial Analysis 2000
	Lahore Electricity Supply Company
	Manager, Operations 1996
Education:	Certified Management Accountant (CMA) Society of Management Accountants, 2004
	Master of Business Administration Wilfred Laurier University, 1999
	Master of Science, Electrical Engineering University of Engineering and Technology, Lahore, Pakistan, 1992
Memberships:	The Society of Management Accountants of Ontario Professional Engineers of Ontario
Appearances:	(Ontario Energy Board)
	EB-2014-0276 EB-2012-0459 EB-2011-0354 EB-2011-0277 EB-2010-0146 RP-2002-0133

CURRICULUM VITAE OF
JOANNE BARRADAS

Experience: Enbridge Gas Distribution Inc.

Controller,
2014-Present

Ontario Power Generation Inc.

Director, Finance
2007-2014

Deloitte

Senior Manager, National office
2000-2007

Bank of Montreal and Ernst & Young

Various Roles
1992-2000

Education: Master of Business Administration (MBA), 2012
Queen's University

Chartered Professional Accountant (CPA, CA), 1998
Chartered Professional Accountants of Ontario

Bachelor of Commerce, 1995
University of Toronto

Memberships: Chartered Professional Accountants of Canada

Appearances: (Ontario Energy Board)

EB-2015-0122
EB-2014-0276

CURRICULUM VITAE OF
BRIAN D. BLACK

Experience: Enbridge Gas Distribution Inc.

Director, Gas Storage & Asset Renewal
2014 - Present

Director, WAMS
2013 – 2014

Enbridge Pipelines Inc.

Director, Eastern Region
2008 – 2013

Enbridge Gas Distribution Inc.

Manager, Operations & Maintenance, Tecumseh Gas Storage
2002 - 2008

Manager, Special Projects, Project Management Office
2001 - 2002

Manager, Construction, Toronto
2001 (Jan. – Sept.)

The Consumers' Gas Company Ltd.

Manager, Special Projects, Distribution Planning
1999 - 2001

Manager, Engineering Projects, Maritime Business Development
1998 – 1999

Manager, Distribution Operations Administration – Metro Zone
1997 – 1998

Supervisor, Construction and Maintenance Administration – Metro Region
1996 – 1997

Staff Assistant, Operations – Metro Region
1994 – 1996

Distribution Engineer, Operations Engineering
1993 – 1994

Distribution Engineer, Distribution Planning
1992 – 1993

Education:	Bachelor of Engineering and Management McMaster University 1992
Memberships:	Professional Engineers of Ontario Ontario Petroleum Institute
Appearances:	(Ontario Energy Board) RP-2000-0011/RP-2000-0012 EB-2007-0888/EB-2007-08899/EB-2007-0890 (National Energy Board) RH-1-2010 OH-005-2011 OH-002-2013

CURRICULUM VITAE OF
JACKIE E. COLLIER

Experience: Enbridge Gas Distribution Inc.

Manager, Rate Design
2003

Manager, Rate Research
2000

Senior Rate Research Analyst
1996

Centra Gas Ontario Inc.

Manager, Rate Design
1995

Supervisor, Cost of Service Studies
1990

Education: Bachelor of Business Management
Ryerson Polytechnical Institute, 1988

Appearances: (Ontario Energy Board)

EB-2015-0122
EB-2014-0276
EB-2013-0036
EB-2012-0459
EB-2012-0451
EB-2012-0055
EB-2011-0354
EB-2011-0277
EB-2011-0242
EB-2010-0146
EB-2009-0172
EB-2008-0219
EB-2007-0615
EB-2006-0034
EB-2005-0001
RP-2003-0203
RP-2003-0048
RP-2002-0133
RP-2001-0032
RP-2000-0040
EBRO 489
EBRO 474-B, 483,484
EBRO 474-A
EBRO 474
EBRO 471

(Régie de l’énergie/Régie du gaz naturel)
R-3884-2014
R-3840-2013
R-3793-2012
R-3758-2011
R-3724-2010
R-3692-2009
R-3637-2008
R-3637-2007
R-3621-2006
R-3587-2005
R-3537-2004
R-3464-2001
R-3446-2000

CURRICULUM VITAE OF
ROD CRADDOCK

Experience: Enbridge Inc.

Senior Manager, Treasury
July 2014

Controller, Enbridge Income Fund
November 2012

Manager, Enbridge Income Fund Accounting
July 2011

Education: CA (2002)
B. Comm. University of Saskatchewan (1999)

Memberships: Institute of Chartered Accountants of Alberta

Appearances: (Ontario Energy Board)

EB-2014-0276

CURRICULUM VITAE OF
KEVIN CULBERT

Experience: Enbridge Gas Distribution Inc.

Senior Manager Regulatory Policy, Strategy & Proceedings
July 2014

Senior Manager Regulatory Accounting
June 2014

Manager, Regulatory Accounting
2003

Senior Analyst, Regulatory Accounting
1998

Analyst, Regulatory Accounting
1991

Assistant Analyst, Regulatory Accounting
1989

Budgets – Capital Clerk, Budget Department
1987

Accounting Trainee, Financial Reporting
1984

Education: CMA (3rd level)
Seneca College 1987-89 (business/accounting)

Appearances: (Ontario Energy Board)

EB-2015-0122
EB-2014-0276
EB-2013-0046
EB-2012-0459
EB-2012-0055
EB-2011-0354
EB-2011-0277
EB-2011-0226
EB-2011-0008
EB-2010-0146
EB-2010-0042
EB-2009-0172
EB-2009-0055
EB-2008-0219
EB-2008-0104/EB-2008-0408
EB-2007-0615
EB-2006-0034
EB-2005-0001
RP-2003-0203

CURRICULUM VITAE OF
ANTON KACICNIK

Experience:	Enbridge Gas Distribution Inc.
	Manager, Rate Research & Design 2007
	Manager, Cost Allocation 2003
	Program Manager, Opportunity Development 1999
	Project Supervisor, Technology & Development 1996
	Pipeline Inspector, Construction & Maintenance 1993
Education:	Bachelor of Applied Science (Civil Engineering) University of Waterloo, 1996
Memberships:	Professional Engineers of Ontario
Appearances:	(Ontario Energy Board)
	EB-2015-0122 EB-2014-0276 EB-2013-0046 EB-2012-0055 EB-2011-0354 EB-2011-0277 EB-2011-0008 EB-2010-0146 EB-2010-0042 EB-2009-0172 EB-2009-0055 EB-2008-0106 EB-2008-0219 EB-2007-0615 EB-2007-0724 EB-2006-0034 EB-2005-0551 EB-2005-0001

(RÉGIE DE L'ÉNERGIE)
R-3884-2014
R-3840-2013
R-3793-2012
R-3758-2011
R-3724-2010
R-3665-2008
R-3637-2007
R-3621-2006
R-3587-2006
R-3537-2004

CURRICULUM VITAE OF
MATTHEW KIRK

Experience:	Enbridge Gas Distribution Inc.
	Cost Allocation Manager, Regulatory Affairs 2012
	Senior Rate Design Analyst, Regulatory Affairs 2010
	Rate Design Analyst, Regulatory Affairs 2009
	Market Analyst, Economic and Market Analysis 2006
Education:	Master of Arts (Economics) Wilfrid Laurier University, 2006
	Bachelor of Arts (Honours Economics) McMaster University, 2005
Memberships:	Canadian Association of Business Economists (CABE)
Appearances:	(Ontario Energy Board)
	EB-2015-0122 EB-2014-0276 EB-2014-0195 EB-2013-0046 EB-2012-0459 EB-2012-0055 EB-2011-0354
	(Régie de L'Energie) R-3884-2014 R-3840-2013 R-3793-2012

CURRICULUM VITAE OF
DARREN MCILWRAITH

Experience: Enbridge Gas Distribution Inc.

Senior Manager, Customer Care, Finance and Contract Management
2014

Enbridge Gas Distribution Inc.

Senior Manager, Business Development and DSM Technology
2009

Enbridge Solutions Inc.

Manager, Product Development
2006

Direct Energy Marketing Limited

Director, Customer Analytics
2004

Director, Financial Services
2002

Enbridge Commercial Services Inc.

Director, Financial Services
2001

Enbridge Gas Distribution Inc.

Manager, Budgets
2000

Supervisor, Budgets & Forecasts
1998

Economic Analyst
1996

Education: Master of Arts: Business Economics, Wilfrid Laurier University – 1996
Bachelor of Commerce, University of Guelph - 1994

Appearances: (Ontario Energy Board)

EB-2014-0276
EB-2012-0459

CURRICULUM VITAE OF
FIONA OLIVER-GLASFORD

Experience:

Enbridge Gas Distribution Inc.

Senior Manager, Market Policy and DSM, 2013

Union Gas Distribution

Manager, CDM Business Development and Policy
2010

Manager, DSM Strategy, 2008

Manager, DSM EM&V, 2007

Manager, DSM Programs/Marketing, 2006

Manager, Market Research & Analysis, 2005

Canadian Energy Efficiency Alliance

Director, Operations

Summerhill Group

Marketing Manager

Corus Entertainment

Marketing Manager, YTV, Documentary Channel and
Scream TV

Towers Watson

Associate/Analyst

Education:

York University – Schulich School of Business
Masters of Business Administration
With an International Exchange at Copenhagen School of Business

Western University – Huron College
Bachelor of Arts

Memberships: None

Appearances: (Ontario Energy Board)

EB-2015-0049
EB-2014-0277
EB-2014-0276
EB-2013-0352
EB-2013-0075
EB-2013-0430
EB-2012-0451
EB-2012-0459
EB-2012-0441
EB-2008-0346

CURRICULUM VITAE OF
BRAD S. PILON

Experience:	Enbridge Gas Distribution Inc.
	Manager, Finance and Administration Gas Storage 2001-Present
	Manager, Administration - Gas Storage 1991-2001
	Tecumseh Storage Analyst 1988-1991
	Manager, Marketing Studies 1986-1988
	Financial Analyst, Exploration 1982-1986
Education:	Executive Education Program for the Natural Gas Industry University of Colorado 1990
	Graduate Studies Masters of Business Administration Program University of Western Ontario 1979-1980
	Bachelor of Arts, Economics University of Western Ontario 1979
Memberships:	Ontario Petroleum Institute
Appearances:	(Ontario Energy Board)
	EB-2011-0354 RP-2003-0203 EBRO 466 EBRO 455

CURRICULUM VITAE OF
SUKHMINDER PURBA

Experience: Enbridge Gas Distribution Inc.

Manager, Financial Planning
2014

Manager, Supply & Business Performance
2012

Senior Budget Analyst
2010

Senior Audit Analyst
2009

Finance Associate
2007

Sears Canada Inc.

Accounting Analyst
2005

Education: Bachelor Of Administrative Studies, Specialized in Accounting
York University, 2000

Memberships: Certified Management Accountant
2009

Appearances: (Ontario Energy Board)
None

CURRICULUM VITAE OF
HULYA SAYYAN

Experience:	Enbridge Gas Distribution Inc.
	Advisor, Economic & Market Analysis 2011
	Senior Market Analyst 2007
	Risk Software Technologies
	Economic Specialist 2005
	Marmara University
	Assistant Professor, Econometrics Department 2002
	Instructor, Econometrics Department 2001
	Research Assistant, Econometrics Department 1994
Education:	Ph.D. in Econometrics Marmara University, 2000
	Master of Science in Statistics Marmara University, 1995
	Bachelor of Science in Statistics Mimar Sinan University, 1992
Memberships:	Toronto Association for Business & Economics (CABE)
Appearances:	(Ontario Energy Board)
	EB-2014-0276 EB-2012-0459 EB-2011-0354 EB-2011-0277 EB-2010-0146

CURRICULUM VITAE OF
JASON SHEM

Experience: Enbridge Gas Distribution Inc.

Supervisor, Financial Reporting
2014

Senior Advisor, Financial Reporting
2012

Financial Analyst
2011

SF Partnership, LLP

Senior Accountant
2009

Ernst & Young

Senior Accountant
2008

Staff Accountant
2007

Education: Chartered Accountant (CA), 2010

Memberships: Institute of Chartered Accountants of Ontario

Appearances: (Ontario Energy Board)

EB-2015-0122
EB-2014-0276
EB-2012-0459

CURRICULUM VITAE OF
DONALD R. SMALL

Experience:	Enbridge Gas Distribution Inc.
	Manager, Gas Costs and Budget 2010
	Manager, Gas Cost Knowledge Centre 2003
	Manager, Gas Costs and Budget 1989
	Co-ordinator, Gas Costs 1984
	Financial Statement Accountant 1980
	Chief Clerk, Financial Statements 1979
	Advanced Accounting Trainee 1978
Education:	Business Administration Diploma Ryerson Polytechnical Institute, 1978
Appearances:	(Ontario Energy Board)
	EB-2015-0122 EB-2014-0276 EB-2013-0046 EB-2012-0459 EB-2011-0354 EB-2011-0277 EB-2010-0146 EB-2009-0172 EB-2009-0055 EB-2008-0219 EB-2008-0106 EB-2006-0034 EB-2005-0001 RP-2003-0203 RP-2003-0048 RP-2002-0133 RP-2001-0032 RP-2000-0040 RP-1999-0001 EBRO 497 EBRO 495 EBRO 492

EBRO 490
EBRO 487
EBRO 485
EBRO 479
EBRO 473
EBRO 465

CURRICULUM VITAE OF
RYAN SMALL

Experience: Enbridge Gas Distribution Inc.

Manager, Regulatory Accounting
2014

Senior Analyst, Regulatory Accounting
2006

Analyst, Regulatory Accounting
2004

Supervisor, Gas Cost Reporting
2001

Senior O&M Clerk
2000

Bank Reconciliation Clerk
1999

Accounting Trainee
1998

Education: Chartered Professional Accountant, Certified Management Accountant
Chartered Professional Accountants of Ontario, 2014
The Society of Management Accountants of Ontario, 2003

Diploma in Accounting,
Wilfrid Laurier University, 1997

Bachelor of Arts in Economics
The University of Western Ontario, 1996

Appearances: (Ontario Energy Board)

EB-2015-0049
EB-2015-0122
EB-2014-0276
EB-2014-0195
EB-2012-0459
EB-2012-0055
EB-2011-0354
EB-2011-0008

CURRICULUM VITAE OF
MARGARITA SUAREZ-SHARMA

Experience: Enbridge Gas Distribution Inc.

Manager, Economics & Business Performance
2014

Manager, Economic & Market Analysis
2012

Manager, Cost Allocation
2008

Manager, DSM Reporting & Analysis
2005

Analyst, Rate Design
2004

Senior Analyst, DSM Planning and Evaluation
2002

Senior Economic Analyst, Economic & Financial Studies
1998

The Canadian Institute

Conference Producer
1997

Margaret Chase Smith Center for Public Policy

Research Assistant
1995

Education: Master of Arts in Economics
University of Maine, 1995

Bachelor of Arts in Economics
University of Maine, 1993

Appearances: (ONTARIO ENERGY BOARD)

EB-2015-0122
EB-2014-0276
EB-2012-0459
EB-2011-0354
EB-2011-0277
EB-2010-0146
EB-2009-0172
EB-2008-0219
EB-2008-0106

(RÉGIE DE L'ÉNERGIE)
R-3758-2011
R-3724-2010
R-3692-2009
R-3665-2008