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VIA COURIER, RESS and EMAIL

November 30, 2015

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

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

In accordance with the Board's Procedural Order No. 3 dated November 24, 2015, enclosed please find the interrogatory responses of Enbridge.

The submission has been filed through the Board's Regulatory Electronic Submission System (RESS) and will be available on the Company's website under the "Other Regulatory Proceedings" tab at www.enbridgegas.com/ratecase

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Stephanie Allman
Regulatory Coordinator

cc: Dennis O'Leary, Legal Counsel, Aird & Berlis LLP
All Interested Parties (EB-2015-0233)

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Reference: Application, paragraph 3

- i. Please provide additional explanation with respect to “some ITSS services” that have been in place since January 1, 2015 between EGDI and Enbridge Inc. Are these ITSS service outside the terms and conditions of the Intercorporate Services Agreement (ISA)?
- ii. The ISA governing the subject relationship between EGDI and Enbridge Inc. was executed on January 1, 2011 and will terminate on December 31, 2015. Will EGDI’s file a draft ISA with the OEB prior to the OEB’s decision on the exemption, or an executed ISA after the OEB’s approval of the exemption?

RESPONSE

- i. No. The ITSS services that Enbridge Gas has received since January 1, 2015 have been provided pursuant to the Intercorporate Services Agreement (“ISA”).
- ii. There no plans to file a draft ISA prior to the Board’s decision in this proceeding. Enbridge Gas and Enbridge Inc. intend to renew the ISA with substantially the same material terms effective 12:00 EST January 1, 2016.

Witness: B. Misra

BOARD STAFF INTERROGATORY #2

INTERROGATORY

Reference: Application, paragraph 4

In paragraph 4, EGDI states “In the course of carrying out certain ITSS services, ITSS Contractors would have limited an incidental access to confidential information.” In paragraphs 9 to 13 EGDI describes scenario’s that may result in incidental access to confidential customer information. Please clarify whether EGDI has a process or plans to implement a process that records instances where ITSS Contractors have had access to confidential customer information (as described in the application).

RESPONSE

As noted in the Application and business case, access to confidential information in the course of providing ITSS services would be merely incidental and likely not even noticed by the ITSS personnel providing the assistance. The focus of ITSS personnel is on providing a timely response and remedy to IT system problems that are often of an urgent nature.

It would not be practical or productive to institute an additional process of requiring ITSS personnel to identify and record instances of customer information appearing when troubleshooting IT issues. Such a process would unnecessarily highlight the existence and nature of such information and would also increase ITSS access time to such information. This would be counter-productive to the services being provided and it is not clear what additional value would be gained.

Witness: B. Misra

BOARD STAFF INTERROGATORY #3

INTERROGATORY

Reference: Application, paragraph 10

- i. Please confirm that ITSS Contractors will only have access to EGDI customer information when there is a system issue, required maintenance, or an investigation as authorized by EGDI. Will ITSS Contractors inform and require permission from EGDI for any required maintenance?
- ii. At the above reference, EGDI states that "... the ITSS Contractor will have access at most to a snap shot of a customer's information...." Please clarify whether the "snap shot" of a customer's information could include financial information such as a customer's bank account information or credit card details. If such access can be had from the snap shot, how does EGDI intend to protect its customer's financial information?

RESPONSE

- i. Confirmed. Permission from Enbridge Gas personnel is required to perform any ITSS services.
- ii. Any "snapshot" of customer information will not include customer's personal financial information

Witness: B. Misra

BOARD STAFF INTERROGATORY #4

INTERROGATORY

Reference: Application, paragraphs 9 – 13

In the last two years has EGDl experienced any instances where it's IT employees or IT contractors have breached organizational protocols and have incorrectly accessed or misused confidential customer information. If such breaches have occurred, please describe the situation and how EGDl dealt with the situations.

RESPONSE

There have not been any such incidents.

Witness: B. Misra

BOARD STAFF INTERROGATORY #5

INTERROGATORY

Reference: Application, paragraph 13

- i. Please provide more detail on how viewing of customer information as part of an investigation would be “very rare”.
- ii. Please provide more detail on how EGDI investigations done by ITSS Contractors are “strictly controlled and managed by Enbridge Gas personnel...” to ensure integrity of customer information.
- iii. Please provide more detail on the “confidentiality undertaking” that is executed by security personnel. Is the confidentiality undertaking only applicable to security personnel involved in an investigation, or all ITSS Contractors dealing with Service Management, Productivity Services and Security Operations matters?
- iv. Please clarify how the customer information retrieved from conducting forensic investigation will be treated and whether this information is stored with ITSS Contractors during and after the investigation.
- v. Please provide an example screen shot, similar to that provided in Appendix C and Appendix D of the application, of a forensic investigation event that required viewing of EGDI customer information.

RESPONSE

- i. Historically, the need to pull customer information for an investigation has been very rare. Customer information will be pulled only in cases when a customer is linked in some manner to an employee under investigation. There are no known cases of such an investigation to date.
- ii. Since ITSS contractors do not have access to the systems that contain customer data, an Enbridge Gas employee is required to access the internal system where customer information is stored. Therefore, an Enbridge Gas employee is always involved whenever there is an investigation of a particular employee when customer information is involved. To the extent any customer data may be contained in emails, all such information gathered as part of an investigation is provided directly

Witness: B. Misra

to the Enbridge Gas Compliance Officer directing the investigation for analysis and determination of how to manage the data.

- iii. A confidentiality undertaking is required at the beginning of an investigation by Enbridge Gas personnel and is executed by the security personnel. Confidentiality undertakings are only applicable to security personnel involved in an investigation. All security investigations are directed by the Chief Compliance Officer and restricted to only the individuals required for the investigation.
- iv. Customer information retrieved from an investigation is delivered directly to the requesting personnel at Enbridge Gas and it is not stored with ITSS after the investigation.
- v. There is no such example.

Witness: B. Misra

CME INTERROGATORY #1

INTERROGATORY

Ref: Appendix B. plus Appendices

At section 2.1 of the business case for IT shared services consolidation and ARC exemption, it is stated that EGD's Custom Incentive Rate-Setting Plan (Custom IR) is designed to incent EGD to perform more efficiently without compromising safety, reliability and other important customer metrics. EGD must report productivity improvements in its operations annually with the OEB during the term of the Custom IR. To that end, EGD is seeking to find efficiencies through consolidation of services with affiliated companies wherever such consolidation is reasonable, practical and in keeping with regulatory principles. In this instance, EGD has leveraged the overall EGD organization to consolidate EGD's infrastructure services under one umbrella - ITSS.

CME would like to better understand the productivity improvements that will be realized by the proposed consolidation. In this regard:

- (a) Please describe the number of FTEs that will be transferred from EGD to ITSS as well as EGD's annual cost for those FTEs;
- (b) Please confirm that once transferred, the former EGD FTEs, who are now working for ITSS, will no longer be part of EGD's O&M but, instead, will fall under the EI budget;
- (c) If (b) above is confirmed, please provide for the years 2016, 2017 and 2018 the estimated savings EGD will realize by transferring those FTE's to EI, compared to the increased costs that will be allocated by EI to EGD for the new consolidated the increased costs that will be allocated by EI to EGD for the new consolidated services.

RESPONSE

- a) About 46 contractor FTEs will be transferred from Enbridge Gas to ITSS. The annual cost for these contractors is already included in ITSS budget.
- b) Confirmed. The budget for the FTEs has already been removed from Enbridge Gas' O&M budget.

Witness: B. Misra

- c) All the forecast savings, including the transfer of FTEs mentioned in this interrogatory response, by entering into the ITSS model, have been factored into the business case filed in support of this Application. Please refer to Appendix 5.2. found at Appendix B.

Witness: B. Misra

CME INTERROGATORY #2

INTERROGATORY

Ref: Appendix B, plus Appendices, pages 8 to 9

Figures 2 and 3 set out the cost savings of EGD moving to the ITSS model in graph form. The Evidence also states that the savings will be \$2M by 2018. Please provide what the anticipated cost savings resulting from centralizing infrastructure services are expected to be for each of the years 2016, 2017, 2018, 2019 and 2020.

RESPONSE

Figure 3, found at Appendix B on page 9, represents the forecast savings for years 2016, 2017 and 2018.

The business case did not include projections for 2019 and 2020. However, the expectation is that by 2018 Enbridge Gas will have realized the maximum of forecast annual savings.

Witness: B. Misra

CME INTERROGATORY #3

INTERROGATORY

Ref: Appendix B, plus Appendices

Please confirm that EGD will not be seeking recovery of any of the costs associated with ITSS consolidation during its current Custom IR. Specifically, please confirm that EGD does not consider any of the cost associated with ITSS to be an unforeseen event outside of management's control that could potentially be treated as a "z-factor".

RESPONSE

Confirmed. Enbridge Gas will not seek z-factor treatment of the costs associated with ITSS consolidation.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #1

INTERROGATORY

Ref: Application and General

- a) Please provide a Table that shows the ARC requirements applicable to the proposed outsourcing of IT Services to Enbridge.
- b) For each applicable section and sub-section of the Code please indicate the Request and the specific evidence that EGD is relying on.
- c) Please indicate specifically why the Accenture and Gartner Confidential evidence is provided.
- d) Please indicate if a Business Case and Benchmarking and Market cost comparison information was provided to the Board at the time of consolidation of ITSS services in 2014-15 as stated in paragraph 3 of the Application. If not explain why not.

RESPONSE

Enbridge Gas questions the relevance of many of Energy Probe's interrogatories. The Company is not seeking any order or relief in respect of RCAM amounts and processes at this time and it therefore fails to understand how many of Energy Probe's interrogatories can be helpful to the Board. However, in the interests of expediting this proceeding, Enbridge Gas is responding but on the understanding that the response does not constitute an admission that the information sought is relevant.

- a) The applicable section of the ARC is section 2.2.2 for this Application.
- b) Enbridge Gas is relying on its evidence as outlined in its Application to support its request for an exemption to section 2.2.2 of the ARC.
- c) To demonstrate that Enbridge Gas and Enbridge Inc. has engaged industry leading consulting firms to help with the decision making.
- d) These documents were submitted to the Board as part of the exemption filing in order to provide the Board with the context of the exemption request. As permitted

Witness: B. Misra

by the ARC, Enbridge Gas considered its decision to participate in the ITSS a normal business decision not requiring prior Board approval.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #2

INTERROGATORY

Ref: Appendix A, Schedules 12-15

- a) Please explain why the 2014 Service Schedules were not signed until December 14, 2014, rather than March 31, 2014, as per Paragraph 5 of the ISA.
- b) Please explain the status of the 2015 Service Schedules and why these were not provided as part of the Application.
- c) Please provide the 2011-2015 annual and total 5 year Corporate RCAM charges.
- d) Please break out the Total IT Service Charges and reconcile to Appendix A for 2014/15.
- e) Please provide an update on the new ISA for 2016 and an estimate of the total 2016 Corporate RCAM Charges and specifically IT costs,

RESPONSE

- a) Paragraph 5 of the ISA requires that parties set their RCAM cost allocations by March 31 of the year to which the RCAM cost allocations are applicable. The preliminary RCAM cost allocations were set by March 31, 2014. There is no explicit requirement in the ISA for the Service Schedules to be executed by March 31. Nevertheless, Enbridge Gas service recipients reviewed and acknowledged acceptance of the service descriptions in the Service Schedules in the first quarter of 2015.
- b) The 2015 RCAM cost allocations are not directly relevant to the Application. However, as noted above, the 2015 RCAM service descriptions in the Service Schedules were accepted by the Service Recipient in the first quarter of 2015 and the preliminary allocations were set. The 2015 Service Schedules will be finalized in early December with final cost allocations and Enbridge Gas will file the IT-related Service Schedules with the Board at that time.

Witnesses: B. Misra
A. Patel

c) The following are the RCAM charges for 2011 to 2015

| | 2011 | 2012 | 2013 | 2014 | 2015 (forecast) |
|----------------------------------|------|------|------|------|-----------------|
| Annual Corporate RCAM (millions) | 26.7 | 31.6 | 35.2 | 33.6 | 43.9 |

d) Please see attached.

e) Enbridge Gas is still in the process of updating the 2016 ISA and this process, including a determination of the preliminary 2016 RCAM cost allocations, will continue into the beginning of 2016.

Witnesses: B. Misra
A. Patel

Annual 2015 and 2014 RCAM
Including details of IT Services

2014 IT Services which reconcile to Appendix A Schedules 12-15
215 IT Services

Filed: 2015-11-30
EB-2015-0233
Exhibit I.EGDI.EP.2
Attachment
Page 1 of 1

| | Services / Direct Charges | Allocation to EGD | |
|-----------------------------------|--|----------------------|---|
| | | 2015 (forecast) | 2014 (as filed for 2014 RCAM Consultative) |
| Primary Services | Audit & Accounting Advice | \$ 138,857 | \$ 134,343 |
| | Board of Directors Support | \$ 574,525 | \$ 707,990 |
| | Business Development | \$ 374,079 | \$ 303,345 |
| | Capital Market Financing & Access | \$ 589,830 | \$ 745,805 |
| | Cash Management & Banking | \$ 421,457 | \$ 249,517 |
| | Corporate Compliance | \$ 113,441 | \$ 201,541 |
| | Employee Development | \$ 920,683 | \$ 1,140,897 |
| | External Audit Coordination | \$ 52,843 | \$ 103,364 |
| | Human Resource Advice | \$ 681,781 | \$ 312,301 |
| | Insurance Claims Support, Strategy and Management | \$ 158,157 | \$ 199,281 |
| | Investor Services | \$ 800,082 | \$ 1,014,165 |
| | Legal Advice | \$ 452,772 | \$ 487,544 |
| | Planning, Management & Execution of Internal Audits | \$ 341,619 | \$ 359,369 |
| | Rate Regulated Entity Support | \$ 127,225 | \$ 209,479 |
| | Records and Information Management | \$ 1,109,385 | \$ 1,054,087 |
| | Risk Assessment and Management | \$ 1,016,805 | \$ 654,230 |
| | Strategic Planning | \$ 407,916 | \$ 223,115 |
| | Supply Chain Management | \$ 73,828 | \$ 53,482 |
| | Tax Reporting & Planning | \$ 66,867 | \$ 70,384 |
| | Total Compensation and Benefits | \$ 1,616,195 | \$ 1,908,125 |
| | Employee and Labour Relations | \$ 7,932 | \$ 481,772 |
| | Portal Suite Operations & Technical Support | \$ - | \$ - |
| | Enterprise System Program and Project Management | \$ 2,049,844 | \$ 1,611,719 |
| | Enterprise Infrastructure Program and Project Management | \$ 4,184,303 | \$ 86,548 |
| | Enterprise System Management and Technical Support | \$ 3,926,057 | \$ 4,902,304 |
| | Enterprise Infrastructure Management and Technical Support | \$ 4,535,353 | \$ - |
| | IT Planning and Governance | \$ 2,488,775 | \$ 1,718,004 |
| | Brand Strategy & Community Investment Relations | \$ 136,304 | \$ 247,559 |
| | Government Relations & CSR | \$ 251,075 | \$ 268,319 |
| | Payroll Services | \$ 1,562,383 | \$ - |
| | Safety and Process Safety | \$ 589,472 | \$ - |
| | Total Service Charges | \$ 29,769,845 | \$ 19,448,587 |
| General Expenses & Direct Charges | Direct EFS Charge (Credit) | \$ (6,152,935) | \$ (5,000,103) |
| | Directors Fees & Expenses | \$ 1,076,870 | \$ 1,223,750 |
| | Depreciation - Risk Management System | \$ 214,307 | \$ 25,132 |
| | Depreciation - Enterprise Systems | \$ 4,091,402 | \$ 3,392,008 |
| | Insurance Premiums | \$ 4,897,830 | \$ 4,830,857 |
| | BU Stock Based Compensation Charge | \$ 9,636,747 | \$ 9,225,003 |
| | Total Direct Charges | \$ 13,764,221 | \$ 13,696,647 |
| | Return on Invested Capital | \$ 326,905 | \$ 471,684 |
| | Total EGD Allocation | \$ 43,860,971 | \$ 33,616,917 |

ENERGY PROBE INTERROGATORY #3

INTERROGATORY

Ref: Appendix A, Service Schedules Pages 14-32

- a) Please provide the 2015 Service Schedules for IT Schedules 12-15 and any other Enterprise, or other service schedules that include Corporate Services related to IT.
- b) Please highlight the additional Services and amended/additional costs for which approval is requested.
- c) Please map these services and costs to the 6 areas of Incremental services set out in the Application at paragraph 8.
- d) Please compare in tabular form the Services and costs for 2015 with and without, the additional/enhanced services.
- e) If the Services are not to begin until 2016 please provide the 2015 Service Schedules and provide the same information as requested in parts a-c.

RESPONSE

- a) Please see the response to Energy Probe Interrogatory #2, found at Exhibit I.EGDI.EP.2
- b) There are no additional services/costs for which Enbridge Gas is seeking approval. The ITSS services are currently being provided to Enbridge Gas. The exemption is asking for approval for the remaining Enbridge Gas contractors providing ITSS services to be able to be transferred to Enbridge Inc. to fully realize the savings highlighted in the business case.
- c) ITSS services are already in place and are being utilized; therefore there are no additional services to be mapped.
- d) ITSS services are already in place and are being utilized; therefore there are no comparisons required.

Witness: B. Misra

e) The services began being provided in 2015.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #4

INTERROGATORY

Ref: Appendix B

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

- a) Please indicate which ITSS services EGD is now receiving and the cost of these.
- b) Please map (table) to the 6 areas of ITSS listed in the application.
- c) Explain why in 2015, EGD was able to partially participate, but did not fully participate in the ITSS consolidation.
- d) Please indicate when the ITSS services are to begin.
- e) Is EGD seeking any 2015 retroactive approval for cost consequences?

RESPONSE

- a) Enbridge Gas is now receiving all the services provided by ITSS. In absence of the ARC exemption, contractors providing services, who have the potential to see customer information, are currently part of Enbridge Gas. The cost of these contractors is charged back to ITSS. Enbridge Gas' portion of the charges for the services is allocated to Enbridge Gas via CAM. Please refer to the CAM charges in Figure 2 found at Appendix B.
- b) See the above response.
- c) Enbridge Gas had to retain the contractors providing certain ITSS services who have the potential to see customer information.
- d) ITSS services are already in place and are being utilized.
- e) No.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #5

INTERROGATORY

Ref: Appendix B, Section 3 and Figure 1

Preamble:EGD engaged Accenture (a global management consulting, technology services and outsourcing organization) to conduct this 'market relevant cost assessment'. The results of this can be seen in Appendix 1.

- a) Please clarify the Accenture and Gartner roles.
- b) Please clarify if Service Desk and costs refer to Enbridge or EGD.
- c) Please provide the revised Service Desk costs after consolidation compared to the peer group.

RESPONSE

- a) Accenture was engaged to provide a competitive cost assessment for potentially outsourcing of the Enbridge Gas related Infrastructure services. Gartner was engaged by Enbridge Inc. to conduct a benchmarking of ITSS costs at an enterprise level.
- b) This is service desk cost for Enbridge Inc. as an enterprise.
- c) Enbridge Inc. revised enterprise service desk costs: \$3.2M. Comparing the Enbridge enterprise service desk cost to the Gartner peer group is not helpful in that the Gartner peer group appears to include different services than those provided by Enbridge Inc.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #6

INTERROGATORY

Ref: Appendix B, Section 3 and Figure 3 and Appendix 5.2

Please clarify what is meant by “RCAM savings” e.g. OPEX or Revenue Requirement after Tax. Provide the supporting calculations.

RESPONSE

RCAM savings are calculated as the difference between what the cost would be if the IT ISS Consolidation did not take place, and the estimated costs through RCAM with the IT ISS Consolidation. These would be OPEX costs.

As an example, in Appendix 5.2 found in Appendix B, the RCAM savings are calculated as follows for 2015:

| | |
|--|--------------|
| ITSS Consolidation – RCAM (Excl. Depn) | \$13,371,551 |
| Status Quo (Ex. Depn) | \$14,206,056 |
| RCAM Savings | \$ 834,505 |

Witness: A. Patel

ENERGY PROBE INTERROGATORY #7

INTERROGATORY

Ref: Appendix B, Accenture OPEX cost analysis

- a) Please provide a Table that combines the Accenture Service Bundles in the Figure (untitled on page 10) and the Figure 1 Gartner Peer group services and Status quo Cost Comparison.
- b) Please provide the Data/analysis supporting Figure 4.
- c) Please discuss/reconcile the Peer Group RCAM and Enbridge costs to the equivalent outsourcing cost.

RESPONSE

- a) The Gartner peer group services are not a valid comparator. As noted on page 9 of Appendix B, Accenture re-aligned ITSS services to their own market specific service bundles for ease of defining comparable costs.
- b) The data / analysis that supports Figure 4 can be found in "Appendix 5.2 Business Case Financials" of Appendix B.
- c) Please refer to the response in part a.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #8

INTERROGATORY

Ref: Appendix B, Section 3.3.5: Key drivers of RCAM efficiency savings

Please provide detailed comparisons of the comparable Service Desk Bundle functions and costs between ITSS, current EGD, Peer group and Outsourced.

RESPONSE

It is not clear to Enbridge Gas what is meant by “comparable Service Desk Bundle functions” in the context of section 3.3.5, found at Appendix B.

Witness: B. Misra

ENERGY PROBE INTERROGATORY #9

INTERROGATORY

Ref: Appendix B, Section 4.3

- a) Please provide references and extracts to indicate the best practices industry standards for protecting customer data from either Enterprise or out sourced IT Contractors.
- b) Provide other examples currently in place, such as CIS Services and On-Bill Access Services.
- c) Please provide the written provisions regarding protection of customer data that EGD will require the Corporate ITSS Contractor and its employees to execute.
- d) Is EGD concerned that specific customer data on credit/debit cards/accounts could be compromised? How specifically will EGD protect against this? Please discuss in detail.
- e) If customer Financial Information (or personal data) is compromised, will EGD indemnify its customers? Please provide details.

RESPONSE

- a) Enbridge utilizes an industry leading Identity and Access Governance process and tool to protect customer data from unauthorized access and use. Access to CIS by enterprise or outsourced IT contractors is managed through SailPoint, our enterprise access request management system. This tool enables us to validate and enforce access policy during the access request process to prevent excess or inappropriate access, and captures a complete audit trail for access request decisions.

This system and process is audited by the Enbridge Internal Audit team on an annual basis to ensure conformity to the industry standard of least privilege for users of the systems.

- b) All security access at Enbridge utilizes Sailpoint. The examples given in the interrogatory are in fact part of the main customer data repository at Enbridge and are protected through Sailpoint.

Witness: B. Misra

- c) Each ITSS contractor and employee will be required to execute the Statement of Business Conduct and undertake mandatory ARC training.
- d) Enbridge Gas is not concerned because ITSS contractors do not have access to customer financial data such as credit and debit card accounts.
- e) As mentioned in Enbridge Gas' response to question 9d of this response, under ITSS financial data is not accessible by the ITSS contractors. If any personal data were breached, the circumstances of the breach, the nature of the breach, and magnitude of the breach would need to be investigated before any determination regarding indemnification is made.

Witness: B. Misra

IGUA INTERROGATORY #1

INTERROGATORY

Reference: Application, page 8; Appendix B, page 17; *Affiliate Relationships Code for Gas Utilities*, November 25, 2010 (ARC), section 1.2.

The Application states: *"As Enbridge does not offer any competitive retail energy services in Ontario, its employees can gain no foreseeable business advantages from having such incidental access to customer information."*

The Application further discloses that Tidal Energy Marketing Inc. (Tidal) is an affiliate of EGD *"that conducts natural gas marketing activity in Ontario for industrial and wholesale customers. Tidal Energy buys, sells, transports and provides storage for natural gas. Tidal Energy does not provide energy services in the retail energy market."*

- (a) Please explain what EGD means by *"competitive retail energy services"* in the first quotation from the Application excerpted above.
- (b) Please explain what EGD means by the phrase *"retail market"* in the second excerpt above.

RESPONSE

(a) and (b)

The term "retail" as used in the excerpt above is intended to refer to low-volume consumers as defined by Section 47 of the *Ontario Energy Board Act*. This is the category of competitive retail energy services that is regulated by the Board. For clarity, this includes Enbridge Gas' Rate 1 customers.

Witness: B. Misra

IGUA INTERROGATORY #2

INTERROGATORY

Reference: Application page 8, paragraph 17; ARC sections 2.2.2 and 2.2.3.
EGD seeks exemption from ARC section 2.2.2 in its entirety.
Section 2.2.3 of the ARC states:

A utility may share employees with an affiliate provided that the employees to be shared are not directly involved in collecting, or have access to, confidential information.

- (a) Please confirm that EGD is not proposing, in respect of its proposal to fully opt into Enbridge Inc.'s ITSS services, to eliminate the need for:
 - (i) Protective access protocols (including data management, data access and contractual provisions) for those shared employees who will provide the subject ITSS services to EGD.
 - (ii) Any requirement to ensure compliance with such access protocols and contractual provisions through a review which complies with the provisions of section 5900 of the CICA Handbook.
- (b) Please confirm that the scope of EGD's ARC exemption request is limited to its proposal to provide Enbridge Inc. employees and designated ITSS contractors with access to EGD customer data on an incidental basis in the course of carrying out their responsibilities as described in the application, and that the balance of ARC section 2.2.2 would continue to apply. If this is not the case, please clarify which parts of ARC section 2.2.2 would continue to apply, if any.
- (c) Please explain why EGD has not requested exemption from section 2.2.3 of the ARC in respect of the shared ITSS activities described in the evidence.

Witness: B. Misra

RESPONSE

- (a) Enbridge Gas is not proposing to eliminate the need for either (i) or (ii).
- (b) Confirmed.
- (c) Enbridge Gas is of the view that an exemption under Section 2.2.3 of ARC is not required in these circumstances because there would be no sharing of Enbridge Gas employees.

Witness: B. Misra

IGUA INTERROGATORY #3

INTERROGATORY

Please provide a list, and provide a brief description of, all other ARC exemptions which EGD has been granted and which remain in place as of the date of the response to this interrogatory.

RESPONSE

In EB-2010-0232, the Board granted Enbridge Gas an exemption from Section 2.2.4 of the ARC. The exemption allows Enbridge Gas to provide communication and control services to affiliated wind farms.

Witness: B. Misra

IGUA INTERROGATORY #4

INTERROGATORY

Reference: Application page 2, paragraph 6; Appendix B, Part 4.

The “*Business Case for ARC Exemption*” discusses in some detail two categories of cost savings associated with the proposed EGD full opt in to Enbridge Inc. ITSS; CAM related and RCAM related.

- (a) Please explain how CAM related cost savings are relevant, now or in future, to EGD’s delivery ratepayers, and the mechanism, if any, for such savings being of benefit to ratepayers.
- (b) Please explain how RCAM related cost savings are relevant, now or in future, to EGD’s delivery ratepayers, and the mechanism for such savings being of benefit to ratepayers.

RESPONSE

- a) CAM costs are the unregulated costs paid by Enbridge Gas to Enbridge Inc. for services received. They are not relevant for ratemaking purposes.
- b) RCAM is the Board-approved regulatory mechanism that determines those costs payable by Enbridge Gas to Enbridge Inc. for services received which are recoverable in rates. With the full integration of ITSS, RCAM amounts will increase to reflect the additional services being received by Enbridge Gas from Enbridge Inc. RCAM adjusted amounts are one cost component used for the purposes of the annual Earnings Sharing Mechanism (“ESM”) process. Enbridge Gas’ actual O&M costs are another component of the ESM process. Enbridge Gas believes that the net impact of costs to RCAM and O&M as a result of ITSS will benefit ratepayers.

Witness: A. Patel

IGUA INTERROGATORY #5

INTERROGATORY

Reference: Appendix B, Page 14.

The evidence states:

Currently the entire service desk team (support and agents) are designated as EGD employees or contractors, allowing EGD to comply with the ARC from a customer confidentiality perspective. However this approach does not accurately reflect the current enterprise model and results in significant additional accounting manipulation in order to correctly allocate the increased cost of the EGD employees to other affiliates.

Please describe the nature of the “significant additional accounting manipulation” currently engaged in.

RESPONSE

The contractor cost is currently paid by Enbridge Gas whereas the budget exists in ITSS. Through accounting the cost is passed back to Enbridge Inc. Enbridge Inc. allocates Enbridge Gas’ portion of the cost through CAM.

Witness: B. Misra

IGUA INTERROGATORY #6

INTERROGATORY

Reference: Appendix B, page 15.

The evidence states:

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

Please file a copy of the completed FAQ.

RESPONSE

Please refer to the FAQ attachment.

Witness: B. Misra

Affiliate Relationships Code Frequently Asked Questions (FAQ's)

What is the Affiliate Relationships Code?

- The purpose of the Affiliate Relationships Code for Natural Gas Utilities (ARC) is to set out the terms and conditions that natural gas utilities in Ontario, like Enbridge Gas Distribution Inc. (EGD), must abide by when conducting business with affiliated companies. These affiliated companies include all of the other Enbridge companies commonly controlled by Enbridge Inc., including those in the other Enbridge business units (Liquid Pipelines, Major Projects, GP&P, Corporate and International).
- ARC is specifically in place to:
 - 1) minimize the potential for a utility to cross-subsidize competitive or non-monopoly activities;
 - 2) protect the confidentiality of consumer information collected by a transmitter, distributor or storage company in the course of provision of utility services; and
 - 3) ensure there is no preferential access to regulated utility services.

What does this mean to me?

- If you are a **People Leader** you must familiarize yourself with the ARC requirements and ensure proper controls and procedures are in place to:
 - document through an intercorporate services agreement (ISA) any sharing of staff or resources with affiliates or other transactions with affiliates. If you aren't aware that an ISA exists for a specific transaction or arrangement, you must ask and ensure an ISA is put in place;
 - prevent any access to EGD customer information (e.g., name, address, account numbers, gas consumption) by non-EGD staff, other than by staff covered under an approved ARC exemption. If you are not aware of whether an ARC exemption is in place for such access, you must ask and ensure access is appropriately authorized or restricted, as required;
 - charge and allocate EGD labour, when not on exclusive EGD assignments or shared enterprise activities (i.e. shared activity, shared participation, shared benefits), to:
 - Approved Enterprise support services
 - Approved non-EGD Capital projects
 - ISS support activity initiatives in Clarity
- If you are a **Project Manager** of a non-EGD project, you must ensure that any EGD employees or contractors are charging their efforts to such project using an "IP" project code. This aligns to the ARC to ensure that services are charged back to an affiliate at fair market rate.
- If you are an **EGD employee or contractor** assigned to a non-EGD project, you must ensure that you have a valid Clarity time code aligned to an "IP" project to track your efforts.
- If you are an **EGD employee or contractor** working on support activities specific to an affiliate, you must ensure you charge your time to one of the ISS/ECM support activity initiatives (LT787, LT788, LT789) in Clarity. This also aligns to the ARC Code to ensure that services are charged back to an affiliate at fair market rate.

Where can I learn more?

- Sign up for eLMS Web Based Training: ARC for Employees
- Read the Code in ELink:
 - Policies and Resources → Government & Legal → Ethics & Compliance → Affiliate Relationship Code

- Policies and Resources → Government & Legal → Ethics & Compliance → Frequently Asked Questions about ARC
- <https://elink.enbridge.com/PoliciesResources/GovernanceLegal/RegulatoryCompliance/Pages/AffiliateRelationshipsCode.aspx>
- For any questions or clarification about this document, please contact:
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