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VIA COURIER, RESS and EMAIL

December 11, 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
Enbridge Reply Submission**

In accordance with the Board's Procedural Order No. 3 dated November 24, 2015, enclosed please find the written reply submission 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)

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

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

RESPONSE OF ENBRIDGE GAS DISTRIBUTION INC TO THE FINAL SUBMISSIONS OF PARTIES

INTRODUCTION

1. These are the reply submissions of Enbridge Gas Distribution Inc. (“Enbridge Gas”) to the submissions of Board Staff, BOMA, CME, Energy Probe and IGUA in respect of the Application by Enbridge Gas for an exemption under section 2.2.2 of the *Affiliate Relationships Code for Gas Utilities* (“ARC”). If granted, this exemption will allow Enbridge Gas to proceed with the full consolidation of its information technology (“IT”) services with the IT Shared Services (“ITSS”) undertaken by Enbridge Inc. for itself and its affiliates (the “Enterprise”). Enbridge Gas first replies to those submissions that are common to all or several of participating parties. This is then followed by Enbridge Gas’ reply to those submissions unique to a particular party.

INTERVENORS THAT SUPPORT ENBRIDGE’S APPLICATION

2. Enbridge Gas notes that Board Staff, BOMA, CME, Energy Probe, and IGUA support the Application for the exemption sought. Enbridge Gas notes the following relevant comments in support of the Application from Board Staff and intervenors.
3. Board Staff notes at page 3 that Enbridge Gas “has established a number of safeguards to ensure that customer information is protected from unauthorized use and that access by ITSS Contractors requires [Enbridge Gas] permission, is limited and controlled.”
4. IGUA concluded in its submission that:

The comprehensive evidence provided by [Enbridge Gas] indicates that the exemption request is minimal, necessary to

realize further IT service efficiencies, and poses no material risk of harm to ratepayers or energy services competitors.¹

5. Board Staff, BOMA, Energy Probe, and IGUA refer to the two conditions proposed by Enbridge Gas in its Application at paragraph 16 which contemplate that it will:
 - (a) annually confirm with the Board that the facts or circumstances underlying the exemption request remain unchanged; and
 - (b) provide notice to the Board if there is any material change to the Intercompany Services Agreement between Enbridge Gas and Enbridge Inc. for the provision of IT Shared Services.
6. IGUA suggests in its submission, at paragraph 10(a), that Condition (a) above should require annual confirmation that the facts and circumstances underlying the exemption remain unchanged. Enbridge Gas deliberately used the word “or” so as to provide comfort to the Board and Parties that it would give notice of any relevant change to facts or circumstances. Confirmation was not intended to be provided only where both facts and circumstances have changed. Enbridge Gas therefore believes that IGUA’s comment is really one of semantics, as it appears that the intention of Enbridge Gas is the same as IGUA’s comment.
7. As well, Enbridge Gas agrees with IGUA’s suggestion that its annual confirmation should be combined with the reporting required by Enbridge Gas in respect of the earlier ARC exemption obtained from the Board as a result of the Board’s Decision and Order in the EB-2010-0232 dated February 22, 2011. Enbridge Gas notes that the reporting in respect of this earlier exemption occurs every other year. In the interests of consistency, Enbridge Gas will report annually in future in respect of both exemptions.
8. Enbridge Gas notes that the submissions of Board Staff and intervenors confirm that Enbridge Gas has developed appropriate protocols so as to protect the confidential information of its customers. Enbridge Gas submits that the Board is in a position to approve the Application, as filed.
9. Enbridge Gas does, however, believe it appropriate to address several matters raised by BOMA, Energy Probe, and IGUA.

¹ IGUA Final Submission, para. 9

BOMA CONDITIONS

10. BOMA has requested that the Board grant the exemption sought by Enbridge Gas, subject to seven conditions.
11. As a general matter, where Enbridge Gas has in its Application described the relevant IT services or the protocols that it will implement, the Board should presume that upon the exemption being granted, Enbridge Gas will proceed in a fashion consistent with its Application. There is, therefore, no need for the specific conditions identified in BOMA's submission at Items 1, 3, 4, 5 and 6, on page 4.
12. In respect of Item 2, Enbridge Gas confirms that the exemption would only apply to applicable Enbridge Inc. ITSS employees and contractors, none of whom are employees of Tidal Energy Marketing Inc. ("Tidal").
13. In respect of Item 7, Enbridge Gas' Custom IR requires Enbridge Gas to file a productivity report annually. Therefore, BOMA's request for a summary presentation at Enbridge Gas' next rebasing of the forecast savings realized over the term of Enbridge Gas' current Custom IR is not necessary. In addition, Enbridge submits that Condition 7 proposed by BOMA is not an appropriate condition which should arise in the context of an ARC exemption application as it relates to a "rates" related issue. Enbridge Gas did not apply for and does not expect any amendments to the Board's decision in respect of its Custom IR Plan.

ENERGY PROBE SUBMISSIONS

14. Energy Probe expresses uncertainty about why Enbridge Gas included a business case with its Application for an exemption from section 2.2.2 of the ARC. Briefly stated, the business case was included for completeness and context and contains the type of information that the Board normally requires for exemption applications. Enbridge Gas wanted to assure the Board and Parties that it had given considerable thought to both the appropriateness of the request and the protocols that should be employed in the event that the Board approved the exemption request. The business case provides comprehensive evidence on the qualitative benefits and financial savings of consolidation to Enbridge Gas and ratepayers and includes a detailed description of the safeguards in place to protect confidential information.

15. In respect of Energy Probe's concern that Enbridge Gas is seeking some sort of relief in this Application which would have an impact on future earnings sharing mechanism applications, consistent with paragraph 14 above, Enbridge Gas confirms that it is not seeking any relief from the Board of a "rates" nature. This includes any approval in respect of the cost consequences of the ITSS consolidation that has occurred to date and the completion of the consolidation should the Board grant the exemption sought in this Application.
16. Finally, Energy Probe references "SailPoint", the enterprise access request management system which has been utilized and suggests that the Application should have provided "supporting evidence on SailPoint and its relationship to the ARC". Enbridge Gas submits that detailed evidence of this nature is not normally included in prefiled evidence and, in any event, Energy Probe could have asked detailed questions about SailPoint in an interrogatory given that it was clearly identified in the Application evidence. SailPoint has and continues to be used effectively as is evidenced by the fact that Enbridge Gas has not experienced any instances of breaches or misuse of customer information as confirmed by its response to Board Staff Interrogatory #4. Under these circumstances, Enbridge Gas submits that there is no need for the Board to retain an expert or engage Board Staff to review the minutia of how SailPoint operates.

IGUA SPECIFIC ISSUES

A. Tidal Energy Marketing Inc.

17. While IGUA asserts that the role and existence of Tidal should have no impact on the Board's consideration of Enbridge Gas' Application, it views Enbridge Gas' characterization of Tidal as inaccurate in the context of IGUA's view of the broader competitive marketplace. To be clear, Enbridge is aware of the purposes for the ARC and its obligations thereunder.
18. The description of Tidal's role as set out in the Application as an entity *conducting natural gas marketing activity for industrial and wholesale customers in Ontario* is accurate, as Tidal does not offer or provide services to low-volume customers, as that term is defined under the *Ontario Energy Board Act*, and for the purposes of a gas marketer's license. Enbridge Gas therefore remains of the view that Tidal does not provide competitive retail energy services. It appears that Board Staff concurs with this

description as Board Staff proposed that the Board grant the exemption sought, provided that Enbridge Gas does not engage in any retail energy services going forward.

19. The important point, which it appears that Board Staff and intervenors have recognized, is that all of Enbridge Gas' customers will be afforded the same protections whether they are a low-volume retail customer or large industrial customer. In addition, as correctly noted by IGUA, none of the ITSS employees and contractors will: (i) control the access to utility services; (ii) direct the manner in which utility services are provided to customers; or (iii) have direct contact with a customer of Enbridge Gas. This ensures that customer information will remain protected.

B. ARC Section 2.2.3

20. Enbridge has applied for an exemption under section 2.2.2 of the ARC because this section specifically relates to the sharing of information services with an affiliate. As noted in the Application, if the exemption is granted, Enbridge Inc. ITSS employees and contractors will have incidental and unpredictable access to consumer information, but only for the purposes of providing IT services.
21. In contrast, section 2.2.3 states that a utility may share employees with an affiliate where the employees are not directly involved in collecting or have access to confidential information. As noted in the Application, ITSS employees and contractors of Enbridge Inc. will not be directly involved in the collection of or have access to confidential information. The contact will be incidental to the IT services being provided. Further, Enbridge Gas does not believe that section 2.2.3 was intended for circumstances such as this which relate only to the sharing of information services given that information services are specifically the subject of section 2.2.2.
22. Enbridge Gas notes that IGUA has referred to Board Staff's OEB Compliance Bulletin 200604, dated July 10, 2006. Enbridge Gas submits that the Bulletin was not intended to be instructive in situations such as this Application. Indeed, the Bulletin did not address section 2.2.2 at all. It is apparent from the Bulletin that the Chief Compliance Officer was dealing with the question of who is an employee for the purposes of sections 2.2.3 and 2.2.4 and which of these employees "have access to confidential information or carry out the day-to-day operation of the distribution network". The Bulletin did not

relate to the sharing of information services which is the specific subject addressed at section 2.2.2.

23. Enbridge Gas therefore does not believe that an exemption is also required from section 2.2.3 under the circumstances. However, should the Board agree with the submissions of IGUA, Enbridge Gas respectfully requests that the Application be amended to specifically request to the extent necessary any exemption required under section 2.2.3 of the ARC.

Dated: December 11, 2015

ENBRIDGE GAS DISTRIBUTION INC.

(Original Signed)

Andrew Mandyam
Director, Regulatory Affairs