PENSION / OPEB 2018 UPDATED FORECAST

1. Within the EB-2012-0459 Decision with Reasons, the Ontario Energy Board (the "Board") determined that for each of the years between 2015 to 2018, Pension and OPEB expenses within Operations & Maintenance costs are to be re-forecast annually and included within an updated calculation of final Allowed Revenue to be filed within a rate adjustment application for each of those fiscal years. The updated total Allowed Revenue replaces the 2018 placeholder Allowed Revenue information which was filed at Appendix A, pages 33 to 40 within the Board's Decision and Rate Order in EB-2012-0459.

2. During 2017, Enbridge undertook a review of pension plan design following the acquisition of Spectra Energy in order to harmonize programs for employees of both companies. The harmonized pension plan will be effective January 1, 2018 for non-union employees of Enbridge Gas Distribution and is part of a competitive total rewards package. There are no changes to the OPEB plan. As of the date of this evidence, the details of the harmonized plan have not been communicated to employees. Enbridge expects that the relevant employee communications will be undertaken in the coming weeks. Once that has happened, Enbridge plans to file additional evidence, including details of the harmonized plan and including the Mercer Report (see below). It is expected that the additional evidence will be filed by October 6, 2017.

3. Enbridge uses Mercer Canada Limited ("Mercer"), to review, update and forecast its annual Pension and OPEB accrual expense and cash requirement. The 2018 annual Pension and OPEB accrual expense, as provided by Mercer, is forecasted at $20.80 million; shown as "P&L Charge (Credit)" within the Mercer Report. The

2018 annual Pension and OPEB cash requirement, as provided by Mercer, is forecasted at $26.92 million; shown as “Total Annual Employer Contributions” within Mercer’s Report. As noted above, the Mercer Report will be filed by October 6, 2017.

4. The 2018 forecasted annual Pension and OPEB accrual expense and cash requirement is comprised of the following:

	Plan	2018 Forecasted Accrual Expense	2018 Forecasted Cash Requirement
1.	Enbridge RPP Plan	$12.72 million	$20.55 million
2.	Enbridge SERP Plan	$0.08 million	Nil
3.	Enbridge SSERP Plan	($0.15 million)	Nil
4.	Enbridge portion of Enbridge Inc’s RPP Plan	($0.29 million)	$0.07 million
5.	Enbridge’s portion of Enbridge Inc’s SPP Plan	$1.18 million	$0.05 million
6.	DC Plan	$0.36 million	$0.36 million
7.	OPEB Plan	$5.59 million	$4.58 million
8.	Other – Pension Credits	$1.31 million	$1.31 million
9.	Total Pension and OPEB expense	$20.80 million	$26.92 million

5. The impact of the updated Pension & OPEB accrual expense and cash requirement can be seen and is explained in evidence at Exhibit D1, Tab 1, Schedule 2 and Exhibit D1, Tab 6, Schedule 2.

Witnesses: Mercer
R. Stelmaschuk

SUPPLEMENTAL EVIDENCE – PENSION/OPEB 2018 UPDATED FORECAST

6. Enbridge's originally filed evidence indicated that during 2017, Enbridge had undertaken a review of pension plan design following the acquisition of Spectra Energy in order to harmonize programs for employees of both companies. The originally filed evidence explained that the details of the harmonized pension plan had not yet been communicated to employees, but that once that happened, Enbridge would file additional evidence, including details of the new pension plan and the Mercer Report (see below). This updated evidence sets out the details of the new pension plan. As noted earlier, there are no changes to the OPEB plan.

7. The new pension plan will be effective January 1, 2018 for non-union employees of Enbridge Gas Distribution and is part of a competitive total rewards package.

8. Under the new pension plan, future new hires will participate in a defined contribution ("DC") pension plan for their first 5 years of employment and a defined benefit ("DB") pension plan after 5 years. The Company contribution to the DC plan is 5% of pensionable earnings. Current non-union employees who participate in the DC option with more than 5 years of service or those who participate in the DB option (regardless of service) will join the DB plan on January 1, 2018.

9. In the new DB plan, the pension formula per year of service is 1.5% of average pensionable earnings; this is a change from the current DB pension formula for Enbridge Gas Distribution employees (1.2% *less* a Canada Pension Plan Offset) but Enbridge Gas Distribution employees will now be required to contribute 4% of salary to offset the cost of the higher DB pension formula.

10. The 4% employee cost share is the net result of a 5% employee required contribution to the pension plan less a 1% pension credit paid by the company to Ontario employees. This approach allows Enbridge to provide consistent pension benefits across business units (i.e., same DB formula and same required contributions for all Canadian employees) while ensuring that the program is competitive in each employee location by adjusting the level of pension credits.

11. Going forward under the new DB provisions, there will be no cost of living adjustments (i.e., indexing) for pension earned after January 1, 2018; pensions earned prior to January 1, 2018 will continue to be eligible for indexing at 50% of inflation in retirement. This change combined with introducing a DC plan for new hires during the first 5 years improves the sustainability of the pension plan over the long-term.

12. A summary of the new pension provisions is set out in Appendix B of the Mercer Report, which is attached as Appendix 1 to this Updated Evidence.

13. The costs of the new pension plan for 2018 (on both an accrual and a cash basis) are set out in Appendices C and D of the Mercer Report, which is attached as Appendix 1 to this Updated Evidence. Those costs are the same as were set out in the Table at page 2 of the originally filed evidence.

Witnesses: Mercer
R. Stelmaschuk