



Andrew Mandyam
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500 Consumers Road
North York, Ontario M2J 1P8
Canada

April 4, 2018

VIA RESS, EMAIL and COURIER

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

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. (“Enbridge”)
Union Gas Limited (“Union”)
EB-2017-0306 MAADs Application
EB-2017-0307 Rate Setting Mechanism Application
Undertaking Responses**

In accordance with the Ontario Energy Board’s (OEB) Procedural Order #4, enclosed please find the Undertaking Responses filed by Enbridge and Union in the above noted proceedings:

- JT1.4,
- JT1.8,
- T1.10,
- JT1.13,
- JT1.18 to JT1.21,
- JT3.11, and
- JT3.16

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Andrew Mandyam
Director, Regulatory Affairs

cc: Mr. F. D. Cass, Aird & Berlis LLP (via email)
Mr. M. Kitchen, Union Gas Ltd (via email)
All Interested Parties EB-2017-0306 & EB-2017-0307 (via email)

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Mr. Garner

REF: Tr.1 p.23.

Please advise whether any meetings with the OEB Board Chair took place outside of the Board's office.

Response:

One of the meetings between the OEB Board Chair, OEB Chief Operating Officer & General Counsel and Enbridge Executive Management was held at the Union Gas 777 Bay St. office.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Mr. Shepherd

REF: Tr.1, p.72

Please advise the location or to provide copies of the key messages in Q and A, the integration leader deck, and the technical appendix.

Response:

As shown at Exhibit C.FRPO.1, Attachment 1, p.35, please see Attachment 1 for the Key Messages & Q&A, and Attachment 2 for the Integration Leader Deck, Technical Appendix.

FINAL Utility Integration Themes and Responses – NOT FOR DISTRIBUTION
Use as a Guide to Answer Questions for Internal and External Audiences

Nov 1, 2017

Utility Integration at MAAD filing - Q&A Themes and Responses

Anticipated Timing / Regulatory Process

- Nov. 2, 2017 – Target to submit MAAD application to the Ontario Energy Board.
- Late Nov., 2017 – Target to submit rates mechanism application to the Ontario Energy Board.
- Q3, 2018 – Potential OEB decisions.
- Post OEB Decisions - Utility Integration Team begins a detailed exploration of potential opportunities and determine an optimal approach to achieving efficiencies.
- Q3 2018 – File 2019 rates application with the OEB using approved rates mechanism.
- Jan. 1, 2019 – Implement 2019 rates.
- 2019 onward – Continued exploration an implementation of potential opportunities.

Regulatory Framework

- The framework we have filed with the Ontario Energy Board is a Mergers, Acquisitions, Amalgamations and Divestitures (MAADs) application.
- We have a high level of confidence in the MAADs model. There are alternatives that exist, but this is the strongest option for the business and ratepayers.
- This harmonized regulatory framework covers a 10-year period and is intended to incent the utilities to seek efficiencies from combining, with balanced benefits for customers and shareholders:
 - **Rate predictability for ten years** - Distribution rates are determined at the beginning of each year using a pre-set formula, which allows for an annual inflation increase and an allowance for certain capital investments to ensure we can continue to reliably serve new and existing customers.
 - **Distribution rates that are less than they otherwise would be** - Five areas of potential efficiency have been identified at a high level. The upfront investment needed, associated risk and any resulting savings in the first five years remain with shareholders. In the following five years, any savings in excess of 300 basis points of our established Return on Equity are shared 50:50 between customers and shareholders. The accrued efficiencies then serve to reduce customer distribution rates when they are re-set at the end of the 10-year term.
 - **Continued high standards of service and operational excellence** - Ongoing monitoring of performance against service quality indicators for customer service, operations, system reliability and safety.
 - **Continued investments to meet customer needs** - Framework supports ongoing utility investments in energy infrastructure to grow our business and meet customer needs.
 - **Time** - The integrated utility would have up to ten years to fully examine and implement potential efficiency opportunities and to recoup the significant investments that are needed to achieve them.
 - **Positions the integrated utility for future success** - Integration will position us to deliver additional value to our customers and provide a platform to further grow our business.

Customer Impacts/ Rates

- In late November, Enbridge Gas Distribution and Union Gas will file a Rates Mechanism Application with the Ontario Energy Board which details how we propose to determine annual distribution rate changes during the 10-year MAADs period.
- Customer delivery rates will be set at the beginning of each year (2019-2028) using a pre-set formula which includes an allowance for inflation and certain capital investments to ensure continued reliable service to new and existing customers.
- The Asset Management plan is the foundation for all utility capital investments and will be filed annually as part of the OEB rate application process.

FINAL Utility Integration Themes and Responses – NOT FOR DISTRIBUTION Use as a Guide to Answer Questions for Internal and External Audiences

- Enbridge Gas Distribution and Union Gas will maintain their existing rate zones (EGD, Union Gas North East, Union Gas North West and Union Gas South).
- The harmonization of rates and services will be considered at the end of the 10-year framework period in 2028.

Price Cap Formula

- The MAADs application includes a proposed mechanism by which distribution rates would be calculated in each year of the 10-year term. A detailed rates mechanism application will be filed with the OEB in late November.
- Distribution rates are determined each year between 2019 and 2028, using a pre-set formula: Inflation – productivity + certain capital investments.
- Formula: $PCI = I - X \pm Y \pm Z$
 - I= Inflation
 - Set annually using Statistics Canada data.
 - X= Productivity
 - Set at zero based on the utilities historic productivity (subject to OEB approval).
 - Y = Pass through adjustments and deferrals for cost of gas, Demand Side Management, normalized average use per customer, capital pass-through deferrals.
 - Capital expenditures are based on the utilities' Asset Management Plans to support growth and replacement and maintenance of existing assets.
 - Z = Material variances outside of management's control have been included in the analysis, set at zero.

Potential Efficiency Opportunities

- A high-level review has identified that utility investments in the range of \$50-\$250 million could achieve potential savings of \$350M-\$750M over a ten-year period in five general areas: customer care, distribution work management, utility shared services, storage and transmission, gas supply and gas control; management and other functions.
- The estimated range of related investment and cost savings are based on a preliminary high-level comparison of best practices between the two utilities, industry benchmarking information and the utilities prior experience with related system implementations and capital investments.
- The savings could be generated by optimizing systems and the workforce, and applying best practices from each utility..
- Subject to and following a favourable regulatory decision on the MAADs application, a utility Project Management Office will begin a detailed exploration of potential opportunities and determine an optimal approach to achieving efficiencies, while continuing to safely and reliably operate the assets and deliver exceptional customer service. These plans will address specifics around potential workforce changes, office locations and more.
- For the first five years, the upfront investment needed, associated risk and any resulting savings remain with shareholders.
- In the following five years any savings in excess of 300 basis points of our established Return on Equity are shared 50:50 between customers and shareholders.
- At the end of the 10-year term, the accrued efficiencies then serve to reduce customer delivery rates when they are re-set.

FINAL Utility Integration Themes and Responses – NOT FOR DISTRIBUTION Use as a Guide to Answer Questions for Internal and External Audiences

Governance and Decision Making

- A Utility Project Management Office will be established in 2018 and will be accountable for developing a comprehensive integration roadmap, monitoring project streams and cross-stream issues/impacts, identifying program-level risks and mitigation strategies, and driving results and accountability.
- Implementation plans will ensure organizational capacity to support and adopt the required changes. Capital investments will be subject to stand alone investment review and approvals.

Service Quality

- Enbridge is committed to maintaining a high standard of operational excellence. An integral component of the regulatory framework is ongoing monitoring of performance against service quality indicators for customer service, operations, system reliability and safety.

No Harm Test

- The No Harm Test considers whether or not the transaction has an adverse effect on meeting the Ontario Energy Board's statutory objectives, set out in section 2 of the OEB Act, 1998.
- The two primary areas of focus to protect the interests of consumers are price and the reliability and quality of gas service.
Price: the proposed amalgamation of the utilities into a single entity provides an opportunity to increase the cost efficiency of the distribution, transmission and natural gas storage services provided to consumers that could not be achieved as separate entities. Ratepayers are expected to experience lower rates through the deferred rebasing period than they otherwise would have.
Reliability and quality of gas service: The utilities are committed to providing safe and reliable service to both in-franchise and ex-franchise customers. The amalgamated utility will continue to be subject to and report on all existing Service Quality Requirements ("SQR"). The Applicants have provided a proposed scorecard for review and approval as part of the Rate Setting Mechanism Application.
- The transaction also supports continued utility investments in energy infrastructure that will benefit customers and Ontarians in general and the continued provision of cost-effective energy conservation programs to all customer classes.

Supplier contracts / vendor arrangements

- While the two utilities have submitted a joint application to the Ontario Energy Board for approval to integrate, no formal regulatory approval has been received. For now, Union Gas and Enbridge Gas Distribution are continuing to operate independently and there is no change to current contractual arrangements.
- As we proceed with our integration, we are committed to keeping you informed of any changes to ensure a smooth transition.

Workforce changes

- Potential areas of efficiency have been identified at a high-level. The specific details will be determined once a detailed analysis of each is complete. This work will begin following and subject to a favourable decision by the Ontario Energy Board on our application. No decisions have been made.

FINAL Utility Integration Themes and Responses – NOT FOR DISTRIBUTION
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- We do anticipate some reduction in our workforce. Management changes are expected to be implemented early in the regulatory term, whereas other employee changes will be implemented more gradually over time. Workforce changes will be thoughtfully planned, ensuring we have the talent we need for the future.
- We will make decisions based on our corporate values of integrity, safety and respect.
- We also anticipate opportunities for growth in the utility business, and this will create new jobs that don't exist today.

Offices and Work locations

- We understand how important Union Gas and Enbridge Gas Distribution's overall business operations are to the communities we serve, and we remain committed to maintaining a presence in all the communities we serve.
- We have corporate offices in Chatham and Toronto – and we will continue to have a presence in both communities. Chatham has always been a major resource location for Union Gas and that will continue. There are significant advantages that come with our major Chatham location, including a low cost of living, easy access to other major centres and a strong historical relationship with the community. Enbridge Gas Distribution's North York office also offers many benefits, with its proximity to Canada's largest urban centre and key stakeholders.

Call Centres

- A high-level review has identified potential opportunities to generate efficiencies by eliminating the duplication of customer support services and customer information systems. No decisions have been made. The specific details will not be known until a detailed analysis of each potential opportunity is complete subject to and following a favourable regulatory decision.

Branding of Integrated Utility

- We have not discussed or determined the brand of the integrated utility.
- This work will be completed once the framework is approved.

Investments in our Communities

- Enbridge Gas Distribution and Union Gas are strongly aligned in their charitable giving practices and their support for local communities. We will continue to invest in the communities in which we operate.

Technology changes

- The long-term framework would give the utilities up to ten years to fully explore and implement potential efficiency opportunities and to recoup the significant investments that are needed to harmonize services.

Unregulated Storage:

- Customers will continue to receive the same storage services they currently receive.
- Storage will continue to be provided to in-franchise customers of the integrated utility at market prices.

FINAL Utility Integration Themes and Responses – NOT FOR DISTRIBUTION
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Growth Strategy

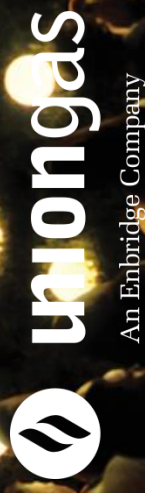
- Pursuing integration of Enbridge Gas Distribution and Union Gas is directly aligned to the Enbridge vision to be the leading energy delivery company in North America and deliver energy and value to shareholders.
- As Al Monaco shared in the All Company Forum, our plan is to grow the business. From the utility perspective, this includes expanding our distribution network into new communities, establishing a foothold in new lines of business (e.g. geothermal) and greening our grid (e.g. Renewable Natural Gas and hydrogen). We continue to be interested in acquisition opportunities.
- Creating an integrated utility platform would allow us to both deliver value to our current customers and grow our business.

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Utility Integration Positioned for Success

November 2017

Technical Deck



Utility Integration

Overview

- Union Gas and Enbridge Gas Distribution have been operating under various forms of regulation which encourage efficiencies for over 15 years, which has resulted in significant productivity benefits for customers and shareholders.
- Both utilities now share a parent company and combining them into one offers the next best opportunity to achieve further efficiencies.
- That's why we have applied to the Ontario Energy Board for approval to amalgamate the two utilities using a 'Mergers, Acquisitions, Amalgamations and Divestitures' (MAADs) framework.
- The framework incents us to seek efficiencies from combining, with balanced benefits for customers and shareholders.
- This will position us to deliver additional value to our customers and provide a platform to further grow our business and meet customer needs.

Utility integration

Balanced benefits for customers and shareholders



Lower distribution rates

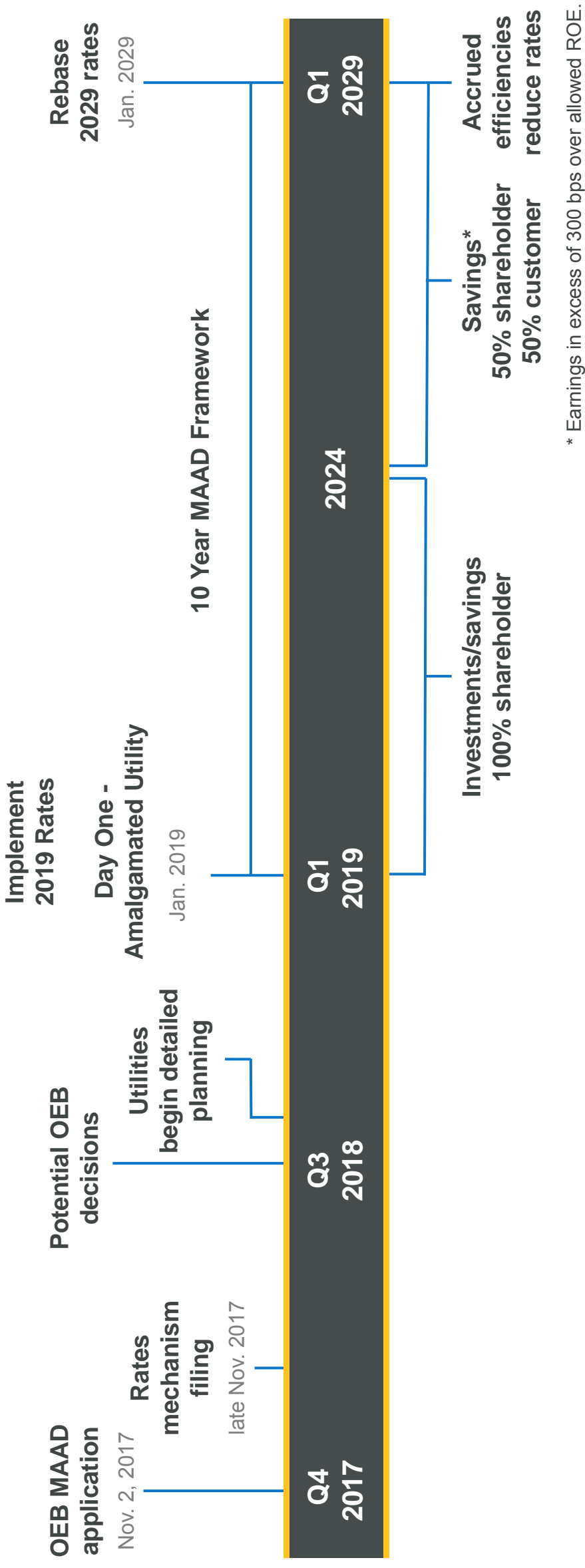
**High standard of service
and operational excellence**

Time to implement

**Positioned for future
success**

Timeline

Application, decision and implementation

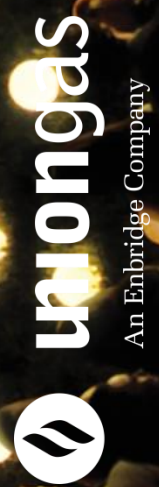


Potential efficiency opportunities

Cost savings only possible due to integration

	Potential Capital Investment		Potential O&M Savings	
	Minimum	Maximum	Minimum	Maximum
Customer Care	\$25M	\$110M	\$120M	\$250M
Distribution Work Management	\$10M	\$90M	\$30M	\$150M
Utility Shared Services	\$5M	\$20M	\$15M	\$50M
Storage and Transmission	\$5M	\$10M	\$15M	\$50M
Management & Other	\$5M	\$20M	\$170M	\$250M
Total	\$50M	\$250M	\$350M	\$750M

Appendix



Price Cap Mechanism

A detailed rates mechanism will be filed in late November



- The MAADs application includes a proposed Price Cap Formula which would be used to determine distribution rates each year between 2019 and 2028: Inflation – productivity + certain capital investments.
- Formula: $PCI = I - X \pm Y \pm Z$
- I = Inflation - Set annually using Statistics Canada data. Will be updated each year of the 10-year term.
- X= Productivity.
 - Set at zero based on the utilities historic productivity (subject to OEB approval). Savings from efficiencies are accrued and serve to reduce customer rates when they are re-set at the end of the 10-year term.
- Y = Pass through adjustments and deferrals for cost of gas, Demand Side Management, normalized average use per customer, capital pass-through deferrals.
 - Capital expenditures are based on the utilities' Asset Management Plans to support growth and replacement and maintenance of existing assets.
- Z = Material variances outside of management's control have been included in the analysis, set at zero.

No Harm Test

The proposed transaction meets the OEB's No Harm Test



- The proposed transaction will protect the interests of consumers and provide more benefits than continued stand-alone operation.
- The two primary areas of focus include:
 1. **Price** - Distribution rates that are lower than they otherwise would be.
 2. **Reliability and quality of gas service** - Ongoing monitoring of performance against existing service quality requirements.
- The transaction also supports continued utility investments in energy infrastructure that will benefit customers and Ontarians in general and the continued provision of cost-effective energy conservation programs to all customer classes.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Redford
To Mr. Shepherd

REF: Tr.1, p.77

Please provide a list of documents not already filed in this proceeding relating to regulated gas distribution in Ontario that were provided to the Competition Bureau.

Response:

Please see the Technical Conference transcript for April 3, 2018, at pages 72 to 75.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Culbert
To Mr. Quinn

REF: Tr.1, p.110.

Please populate the WAMS table with Enbridge data.

Response:

The table below provides the requested information.

Undertaking No. JT1.13
EGD Work & Asset Management (WAMS) Implementation
Cost Detail - April 4th, 2018

Capital	Planning	Design	Build / Test	Implement/ Warranty / Close	
Systems Consultants					
Systems Integrator (Deloitte/Interloc/Diabsolut)	\$1.7 M	\$6.6 M	\$13.7 M	\$3.5 M	
Other	2.4 M	3.0 M	21.5 M	1.4 M	
EGD Resources					
EGD Internal Resources	3.2 M	4.2 M	14.9 M	1.0 M	
PMO (included in Systems Consultants & EGD Resources)	-	-	-	-	
Other					
Software	3.7 M	1.7 M	0.3 M	0.0 M	
Hardware	0.2 M	2.1 M	0.6 M	0.0 M	
Other (includes Facilities, IDC)	1.2 M	1.9 M	3.2 M	0.0 M	
Phase Total	\$12.4 M	\$19.5 M	\$54.2 M	\$5.9 M	\$92.0 M Project Total

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Culbert
To Ms. Girvan

REF: Tr.1, p.155

Please confirm whether the report is the draft report or the final report; if it is the draft, please provide the final.

Response:

EGD's customer engagement study was conducted by Ipsos and a report of the findings was provided to the company in August 2017. The report was final at the time and was titled as draft as it was an expectation that a customer engagement study would be an ongoing endeavor within utility business planning leading to a standalone EGD 2019 Incentive Rate application being filed later in 2017.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Mr. Ladanyi

REF: Tr.1, p.170

Please provide the PowerPoint presentation distributed at the event held November 22nd and 23rd.

Response:

Please see Attachment 1 for the PowerPoint presentation from the Senior Leadership Forum held November 22 and 23, 2017.

MAADs Application

—
and

Rate Setting Mechanism Application

Enbridge Gas Distribution Inc. and Union Gas Limited
November 22, 2017

Agenda



1. Introduction
2. MAADs Application
3. Rates Setting Mechanism Application

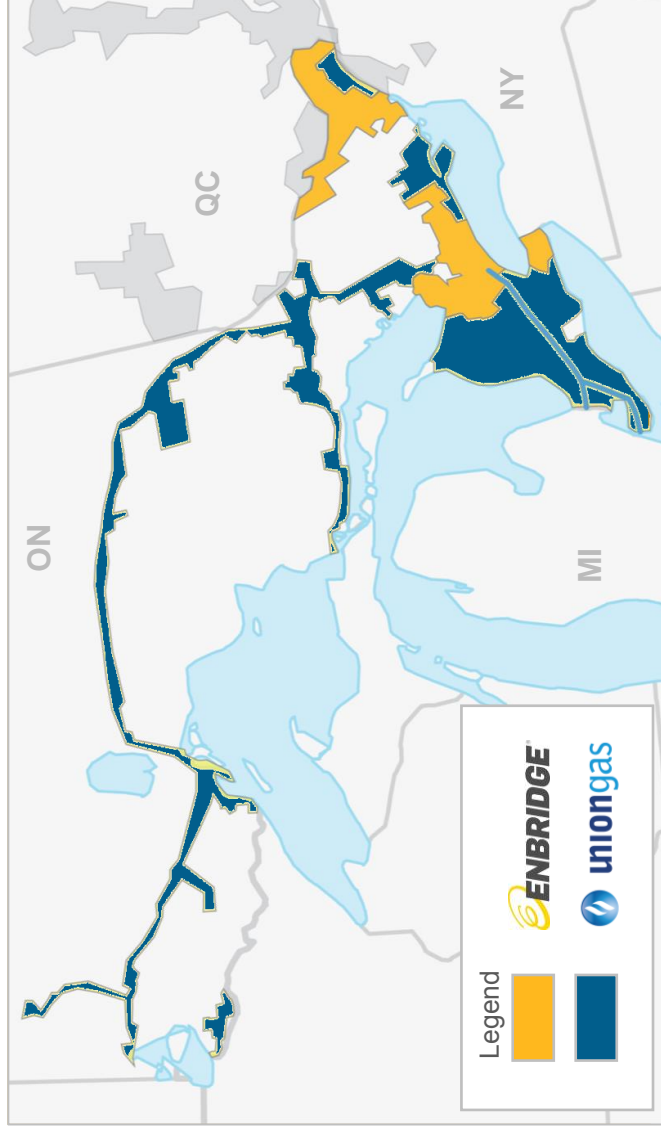
Why Now?

The timing is right

- Current Incentive Regulation frameworks:
- **EGD:** Custom IR
 - At risk for capital cost overages
 - ROE is reset each year
 - ESM 50:50 with ratepayers with no deadband
- **Union Gas:** Price Cap
 - Price cap increasing revenues by 40% of inflation/year
 - “Capital pass through” mechanism
 - ROE fixed at 8.93%
 - ESM deadband for first 100 bps, 50% shared above 100 bps, and 90% shared above 200 bps

➤ **Both IR terms end after 2018**

➤ **Harmonization opportunity allows for implementation of structural cost and service delivery efficiencies with stable rates for 10 years**



Key Statistics	
Customers (M)	2.2
Rate Base (\$B)	5.9
Equity	36%
Allowed ROE	9.19%
IR Framework	Custom IR
Period	2014 - 2018
	2014 - 2018

Meets No Harm Test

Impact of the proposed transaction



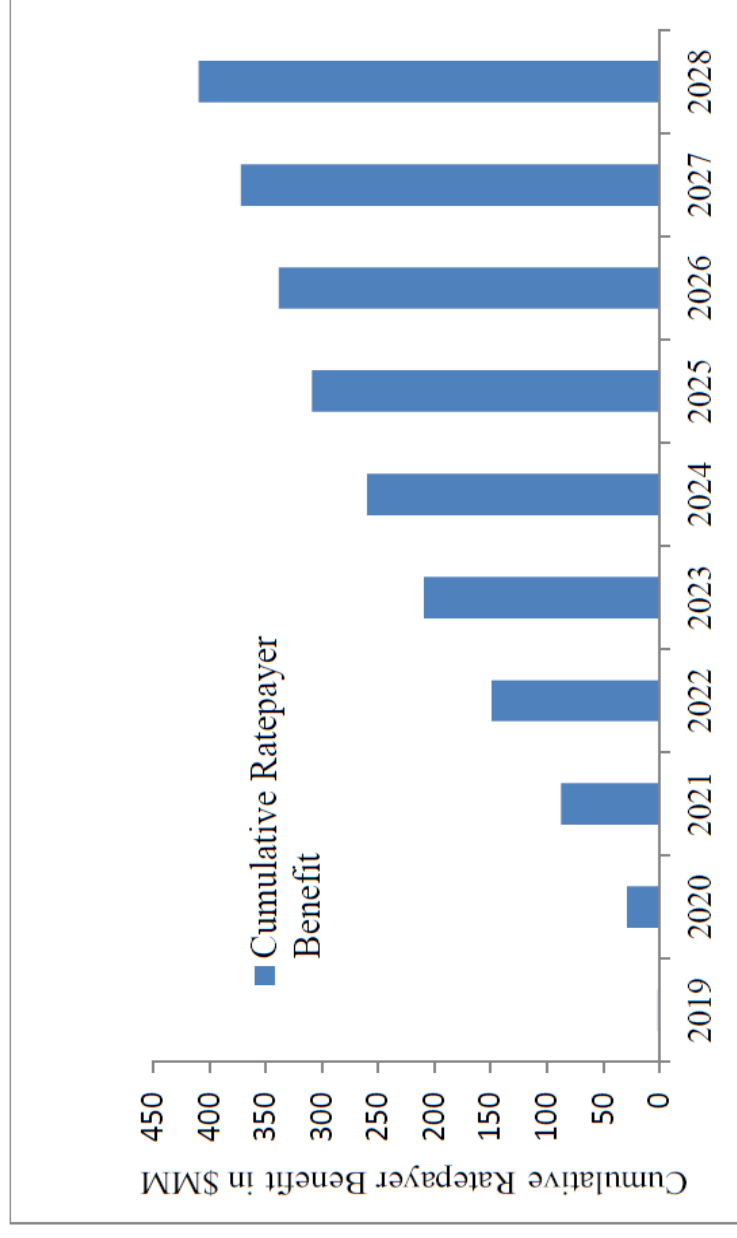
Follows guidance in OEB's Consolidation Handbook for consolidations and rate applications, where;

- Board will assess MAADs applications using the no harm test, consider whether transaction has an adverse effect on the Board's statutory objectives.

Proposal meets No Harm Test:

- **Price:** provides benefits to customers compared to continued stand-alone operations (\$410 M over term).
- **Reliability & Quality of Service:** Continue to maintain safe, reliable and quality services.
- **Financial Viability:** No material impact on financial viability.

No Harm Test - Cumulative Ratepayer Benefit



Significant Benefits to Customers and Shareholders

Investments and savings



Create synergies through harmonization of workforce structure, systems, process, practices, polices and customer service delivery in:

- Customer Care
 - Distribution Work Management
 - Utility Shared Services
 - Storage and Transmission, Gas Supply and Gas Control
 - Management Functions and Other Functions
- Estimated upfront capital investment between \$50M and \$250M.
- Forecast synergies over the 10-year term of between \$350M and \$750 M, with timing uncertainties.

Front-end loaded investments support synergies over the 10-year integration timeframe

Significant Benefits to Customers and Shareholders

Integration opportunities



Draft Integration Project Timelines (Moderate/Aggressive)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
MAADS Decision & Pre-Planning	█											
Customer Service		█	█	█	█	█	█	█	█	█	█	█
Distribution Work Management		█	█	█	█	█	█	█	█	█	█	█
Utility Shared Services		█	█	█	█	█	█	█	█	█	█	█
Storage & Transmission		█	█	█	█	█	█	█	█	█	█	█
Management Functions & Other		█	█	█	█	█	█	█	█	█	█	█
Utility Re-Basing												█

█ Integration Execution

Draft Integration Project Timelines (Low/Moderate)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
MAADS Decision & Pre-Planning	█											
Customer Service		█	█	█	█	█	█	█	█	█	█	█
Distribution Work Management		█	█	█	█	█	█	█	█	█	█	█
Utility Shared Services		█	█	█	█	█	█	█	█	█	█	█
Storage & Transmission		█	█	█	█	█	█	█	█	█	█	█
Management Functions & Other		█	█	█	█	█	█	█	█	█	█	█
Utility Re-Basing												█

█ Planning or Stabilization period/activity

There are a range of implementation timelines and detailed planning is required due to overlap in skills and resources required for implementation. Timing directly links to benefits over ten-year timeframe.

Rate Setting Mechanism Application

A rates setting mechanism application will be filed in approximately one week



Application under Section 36 for rate setting mechanism and related parameters.

Key points;

- Price Cap Index
- Productivity Factor
- Incremental Capital Module
- Base Rate Adjustments
- Customer Protection Measures
- Deferral and Variance Accounts
- Annual Adjustment Process, Stakeholder Consultation and Reporting

Rate Setting Mechanism Application

Price cap index



Proposing a price cap index (“PCI”)

Calculation: $PCI = I - X \pm Y \pm Z$

Where rates are a function of:

- An inflation factor (I)
- A productivity factor (X)
- Certain predetermined pass-through adjustments (Y factors)
- Certain non-routine adjustments (Z factors)

Mechanistic process analogous to current Union Gas method allows for regulatory simplicity.

Rate Setting Mechanism Application

Price cap index components



Inflation Factor

- Quarterly Gross Domestic Product Implicit Price Index Final Domestic Demand (“GDP IPI FDD”).

Productivity Factor

- An X factor of zero supported by report prepared by external consultant.

Y Factor (Pass through adjustments)

- Cost of gas and upstream transportation; DSM cost changes; LRAM for the contract market; cap-and-trade.

Z Factor (non-routine adjustments)

- Must meet following criteria: causation, materiality, prudence and outside management control.

Rate Setting Mechanism Application

Incremental capital module



Use OEB's Incremental Capital Module (ICM) to recover costs from incremental capital investment beyond what is funded through rates.

- Forecast capital investment supported by Asset Management Plans.
- Materiality threshold :
 - Spend that can be managed under Price Cap approach determined by the materiality threshold value.
 - Threshold value (%) = $1 + [(RB/d) \times (g + PCI \times (1 + g))] \times ((1+g) \times (1+PCI))^{n-1} + 10\%$
- Cost of capital using current OEB cost of equity and company cost of debt (same as EGD current).

Illustrative ICM Threshold Calculation for 2019 for EGD and Union

	\$ millions	EGD	Union
Base year	2018	2013	2013
Rate base	6,246	3,734	3,734
Depreciation	305	196	196
PCI	1.73%	1.73%	1.73%
Growth	0.93%	0.93%	0.93%
Years since rebasing	1	6	6
Threshold value %	165%	168%	168%
Threshold value	503	330	330

Qualifying capital investments are discrete projects causing budget to exceed threshold value

Rate Setting Mechanism Application

Base rate adjustments, Deferral/Variance Accounts & Customer Protection Measures



- Two base rate adjustments required:
 - Increase Union Gas 2018 rates by \$17.4M to recognize the full amortization of the accumulated deferred tax balance.
 - Decrease Enbridge Gas Distribution 2018 rates by \$4.9M to recognize the difference between the Board approved CIS costs and CIS costs in rates.
- Existing deferral and variance accounts will be maintained with two exceptions:
 - Enbridge Gas Distribution pension deferral.
 - Union Gas tax deferral.
- Rate setting mechanism application will include a proposed customer protection scorecard.
 - Scorecard will include measures for customer focus, operational effectiveness, public policy responsiveness and financial performance.

Rate Setting Mechanism Application

Annual adjustment process, stakeholder meeting and reporting

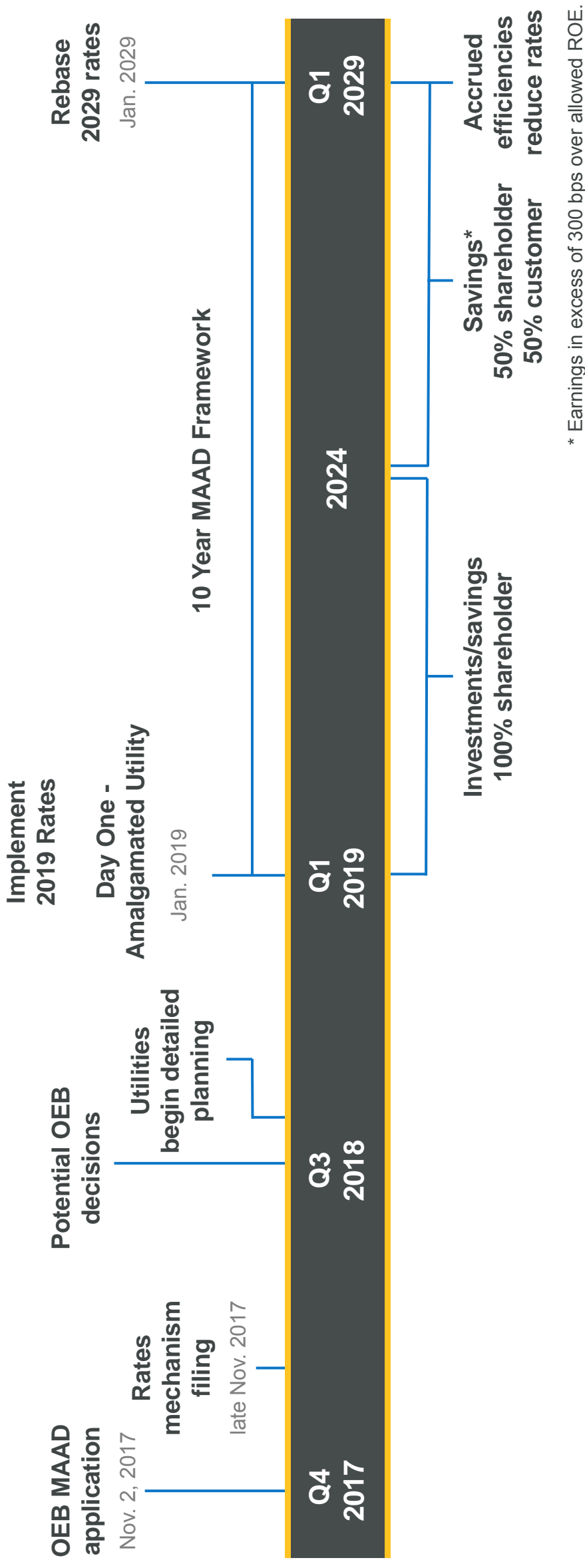


- Annual adjustment process
 - Annual distribution rate adjustment for PCI.
 - Proposals to pass through capital using ICM.
 - Y-factor and Z-factor adjustments.

- Stakeholder meeting and reporting
 - Biennial stakeholder meeting to report on financial results, update on market trends, new capital projects, and integration planning and execution.
 - Annual reporting of financial results and scorecard results.
 - Continue to build on the comprehensive customer engagement process commenced by EGD and Union Gas in 2017 throughout the term.

Timeline

Application, decision and implementation



EGD and Union would file the MAADs and Price Cap Rate Making Mechanism (PCRMM) with the OEB in early November; OEB decision anticipated in mid- 2018

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Mr. Ladanyi

REF: Tr.1, p.172

Please provide the agenda for the meeting held November 22nd and 23rd.

Response:

Please see Attachment 1 for the agenda of the Senior Leadership Forum held on November 22 and 23, 2017.



November 22		
Registration & Lunch	All	Noon
Welcome & Safety Moment	Luke Skaarup	1:00
EVP Introductory Remarks	Cynthia Hansen	1:15
MAADs Application & Next Steps	Mark Kitchen, Andrew Mandyam	1:45
Break		2:15
Our Regulatory Filing - Q&A	Cynthia Hansen, Steve Baker, Jim Sanders	2:30
Break		3:00
Our Corporate Merger Experience Panel - What we've learned so far	Karen Radford, Linda Palladino, Roxanna Benoit, Marc Weil	3:40
Dinner & Evening Activity		5:30 - 9:00
November 23		
Breakfast		8:00
EVP Opening	Cynthia Hansen	8:30
Our Assets – Running the Core Business Panel	Michelle George, John Oakley, Paul Rietdyk, Mike Shannon	8:45
Break		9:45
Our Growth in the Low Carbon Economy Panel	Dave Charleson, Malini Giridhar, Mark Isherwood, Jim Redford	10:00
Break		11:00
Executive Table Tops	Executive	11:15
Lunch		12:30
Giving Back to Community Activity	Helping Hands in Action	1:00
Leadership Expectations & Closing Safety Moment	Steve Baker, Jim Sanders	1:30 - 2:00



UNION GAS LIMITED

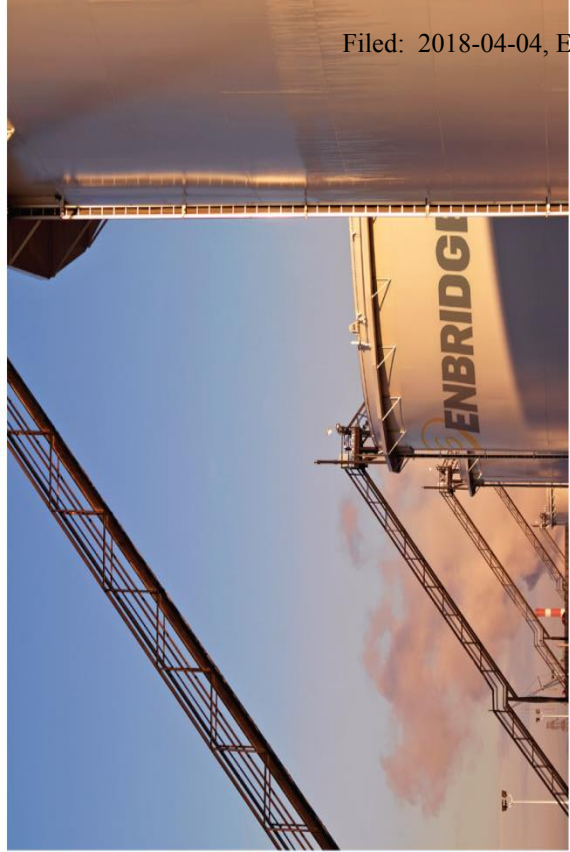
Undertaking of Mr. Culbert
To Mr. Quinn

REF: Tr.1, p.175

Please provide any documents that might seem relevant to this case following the review of the agenda provided as JT1.20.

Response:

Please see Attachment 1 for the “EVP Introductory Remarks” presentation given during the session and see Attachment 2 for Utility Integration Message Maps provided after the session to attendees. Aside from the presentation provided in Undertaking Exhibit JT1.19, these are the only materials from the Senior Leadership Forum.



22 November 2017

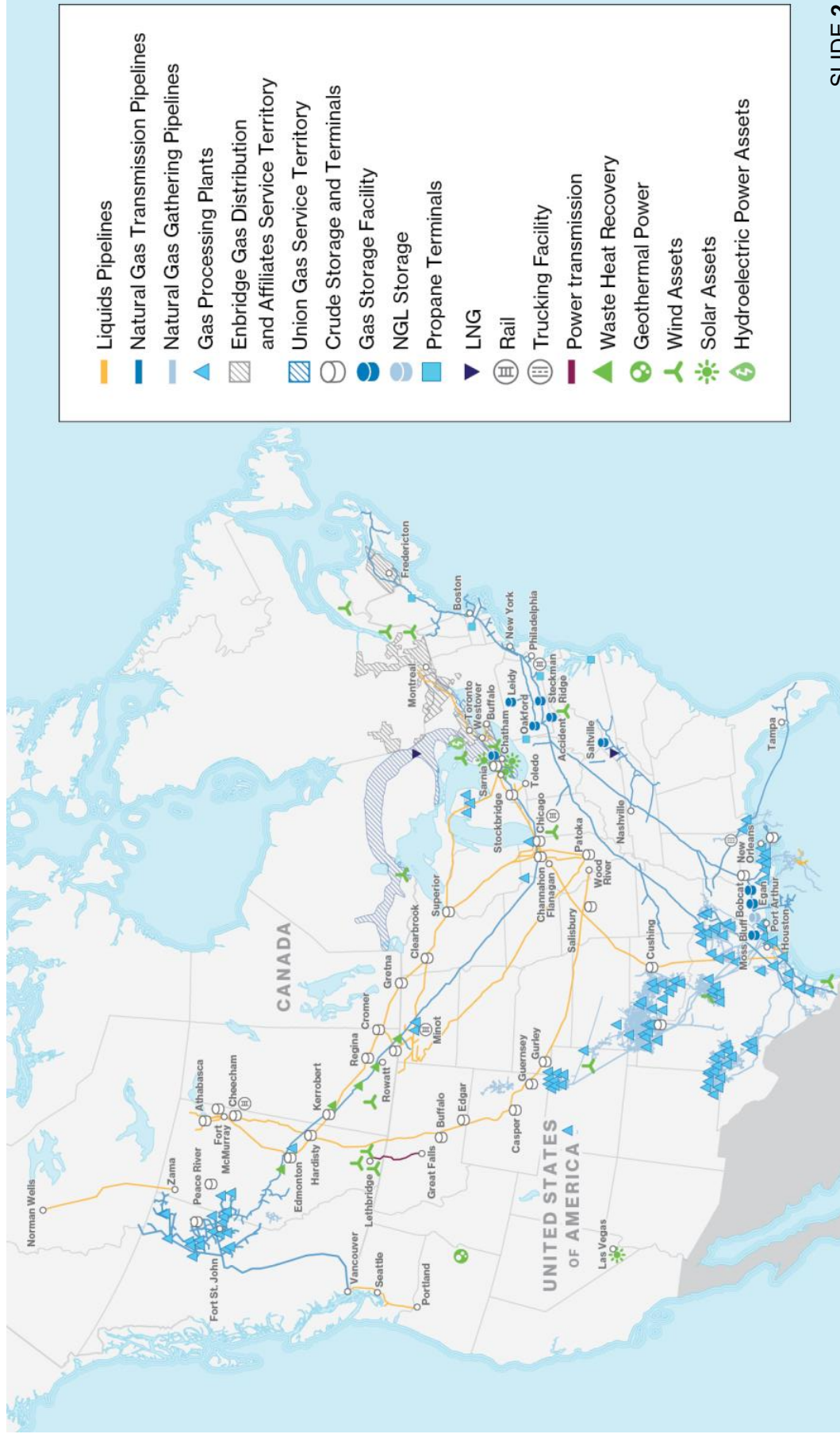




The New Enbridge



- **4th largest company in Canada**
- **Operates the longest crude oil transportation system in the North America**
- **Operates Canada's largest energy distribution companies: Enbridge Gas & Union Gas: serve consumer markets in Ontario, Quebec & New Brunswick and New York**
- **Canada's second largest investor in renewables (wind, solar, hydroelectric, geothermal etc.)**



- Liquids Pipelines
- Natural Gas Transmission Pipelines
- Natural Gas Gathering Pipelines
- Gas Processing Plants
- Enbridge Gas Distribution and Affiliates Service Territory
- Union Gas Service Territory
- Crude Storage and Terminals
- Gas Storage Facility
- NGL Storage
- Propane Terminals
- LNG
- Rail
- Trucking Facility
- Power transmission
- Waste Heat Recovery
- Geothermal Power
- Wind Assets
- Solar Assets
- Hydroelectric Power Assets

Enbridge in Ontario

Delivers 95% of Ontario's natural gas and 96% of its petroleum products

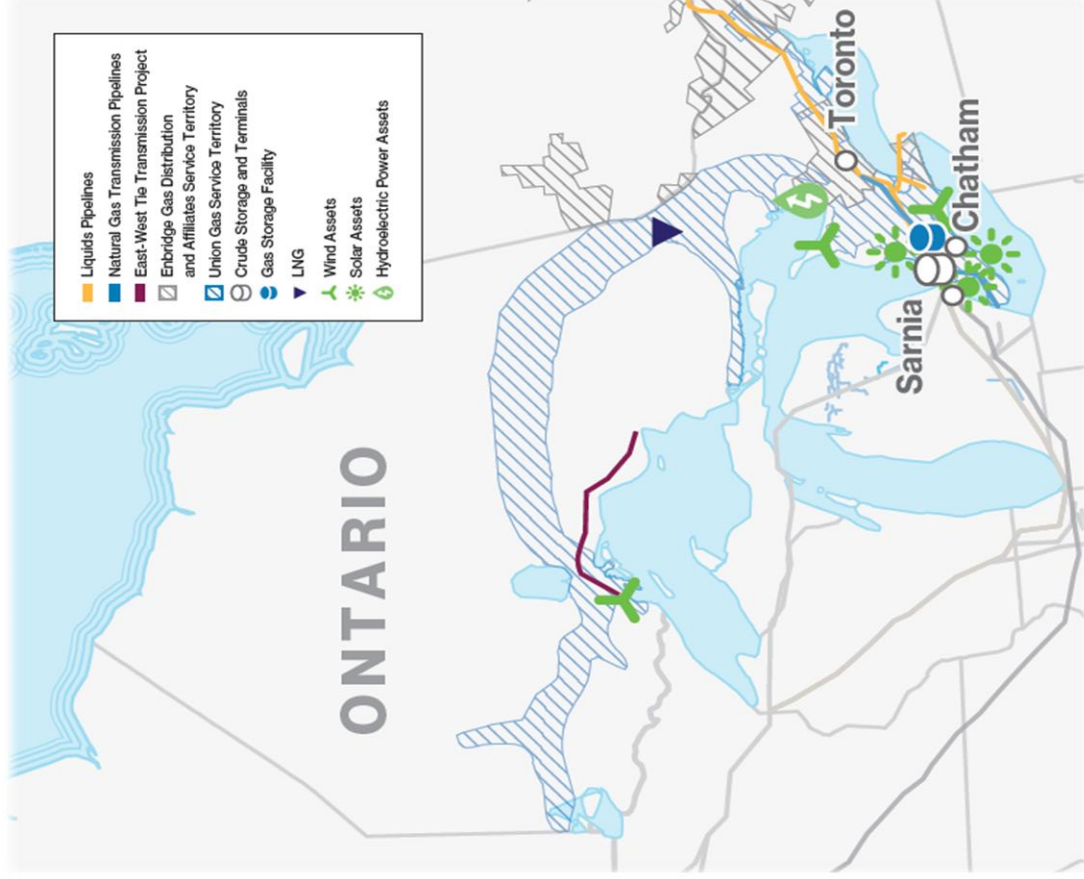


Key Projects of Interest:

Natural Gas Rural Expansion: \$100M expansion provincial grant program to add rural communities and economic development projects; results expected in next few weeks.

Line 10: replacement of 35km of Line 10 segment near Hamilton, approved by NEB in 2017.

East-West Tie Transmission: upcoming application to the OEB.



Natural Gas

3.6 M customers, heating more than 75% of Ontario homes, through two utilities

Renewables

7 projects: wind, solar and hydroelectric (490 MW).

Liquids Pipelines

3 pipelines which move 491,000 barrels per day.

Infrastructure

~\$14 billion (2016) between Enbridge Gas Distribution and Union Gas

Property Taxes

Pays more than \$127 million in property and other taxes each year.

Employment

Over 4,500 Ontario-based permanent and temporary staff.

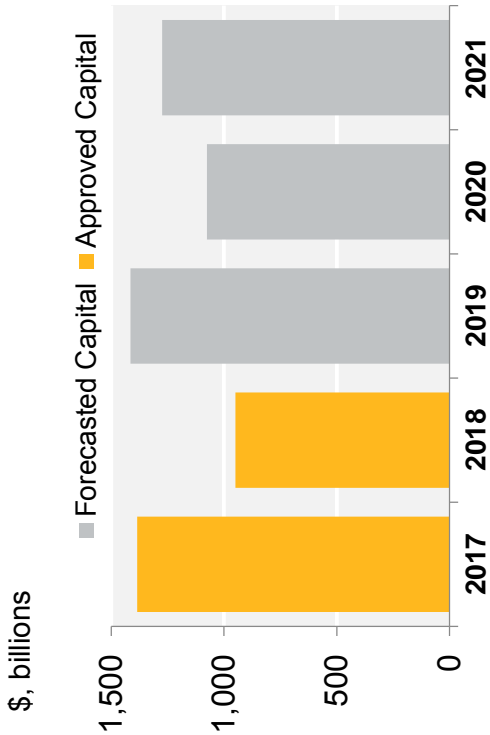
Utility Priorities



Integration Strategy

- 10 Year filing under MAADs process
- Single utility leadership structure
- Centralized governance
- Board approval of capital investments and periodic integration progress reporting

Utility Rate Base Growth



- Strong rate base growth in next three years
- Filing detailed 10 year capital maintenance plans with OEB for both utilities > \$7 B
- Potential expansion to 49 communities - \$200M net investment over 4-5 years

Gas Pipelines & Storage Asset Growth



- Continued Panhandle System expansions
- Leverage the integrated storage assets & connection to growing supply

Execute on integration to position for best-in-class service model & future utility platform

Enbridge – Part of the Solution

Supporting the Transition to the Low Carbon Economy



Energy Conservation



Average Residential Customer Usage Reduced Natural Gas use by 21%



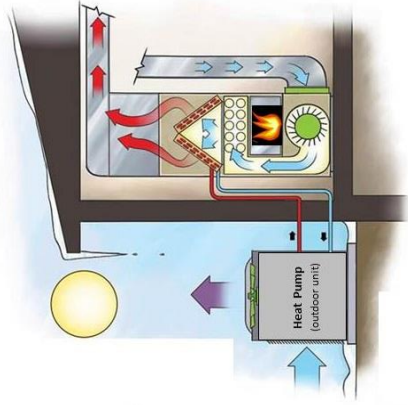
Residential Customers save \$2.67 for each dollar spent on natural gas conservation
(Environmental Commissioner of Ontario, 2016)



HOME ENERGY CONSERVATION INCENTIVE PROGRAM

With funding from Ontario's Green Investment Fund

Technology & Energy Optimization



Source: www.familyhandyman.com



Rely on natural gas on coldest days



Use air source heat pump on most days

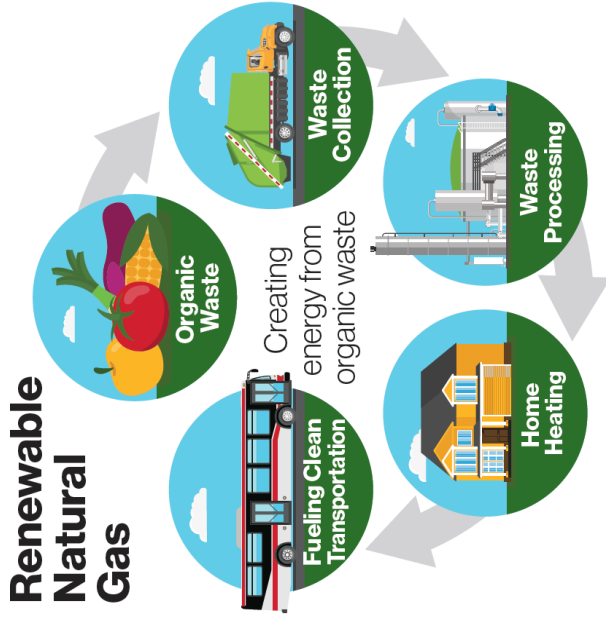


60% reduction in GHG's



Less than 1/2 lifecycle cost of full electric air source heat pump

Decarbonize the Gas Supply with Renewable Natural Gas & Hydrogen



Gas Distribution

Key Priorities Summary



grow organically.

- Strong continued rate base growth
- Expansions of Dawn area infrastructure
- Attach new communities

minimize risk.

- Establish new, balanced regulatory framework with incentive upside

streamline.

- Significant opportunity to achieve customer and shareholder benefits with integrated utility

What drives us?

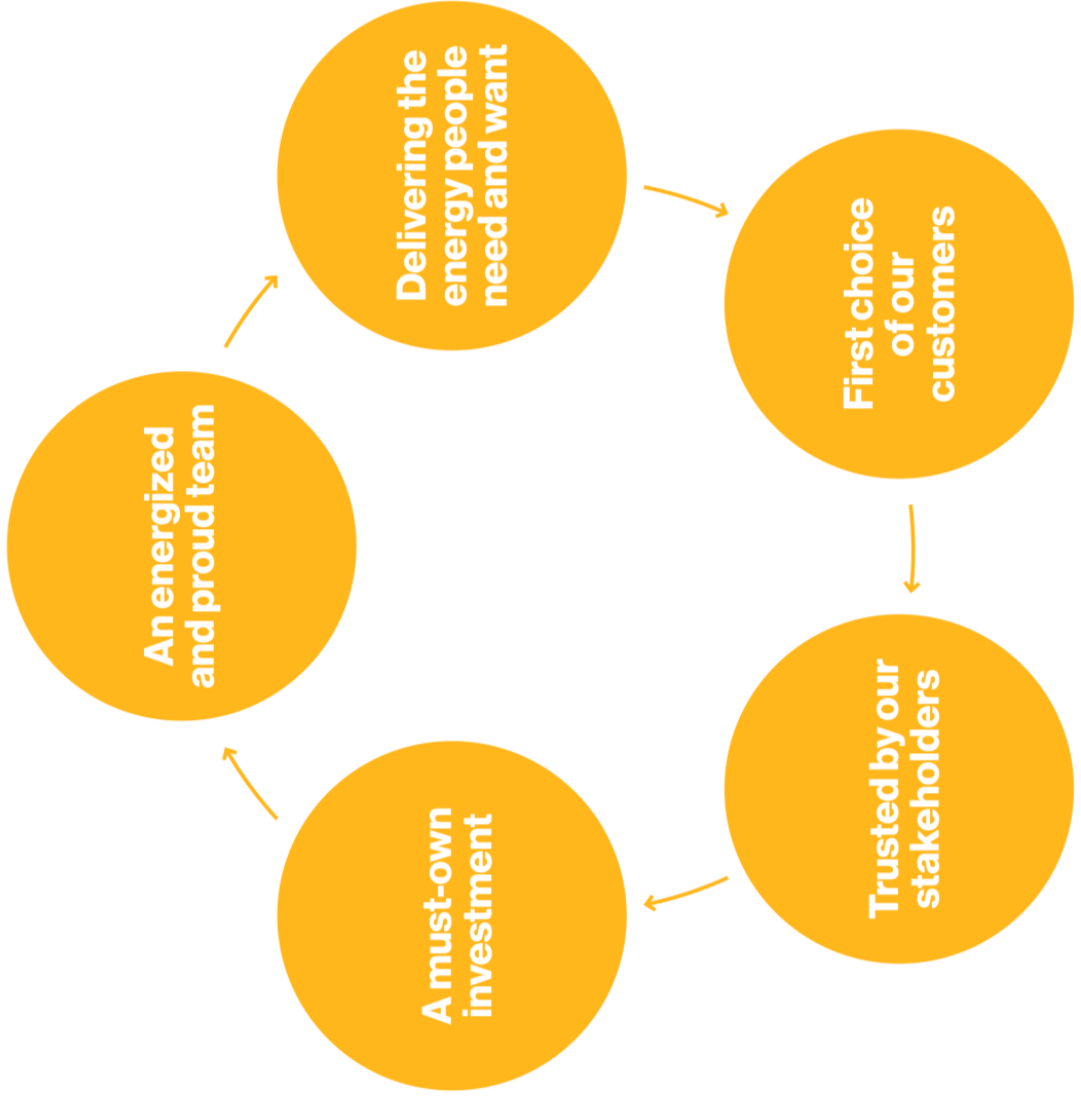
Our Values and Strategic Intent



INTEGRITY

SAFETY

RESPECT



Envision the Future





Thank You

THE INTEGRATION OF UNION GAS AND ENBRIDGE GAS DISTRIBUTION

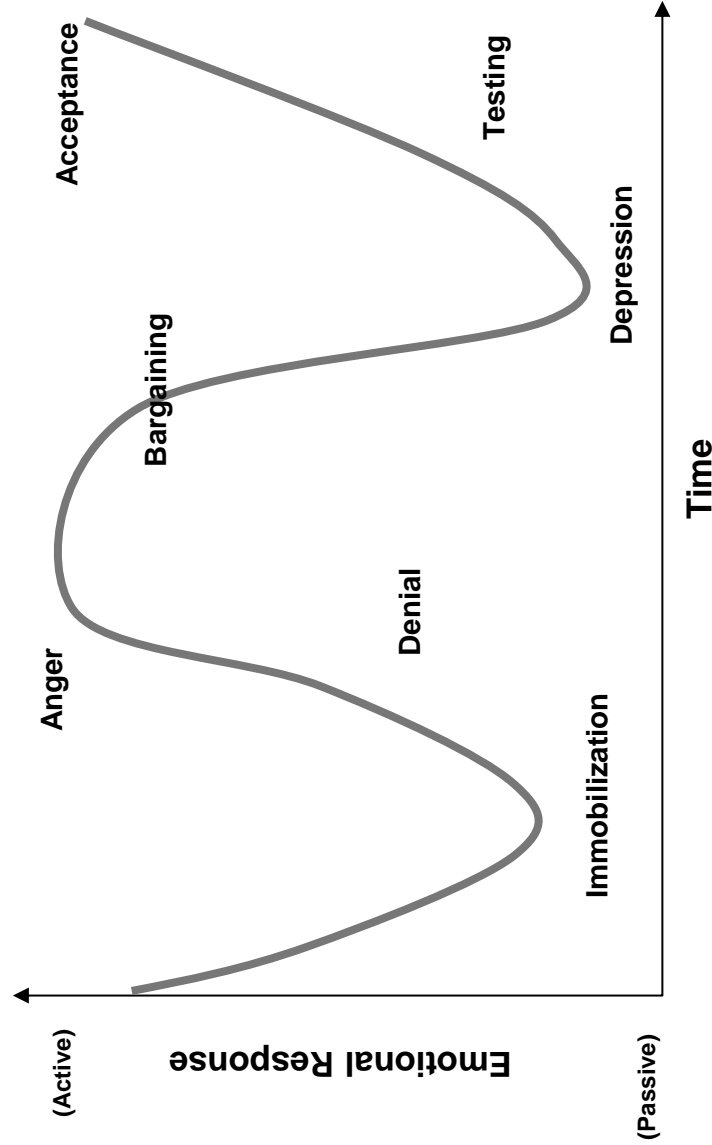


What do I need to know to lead my team through utility integration?

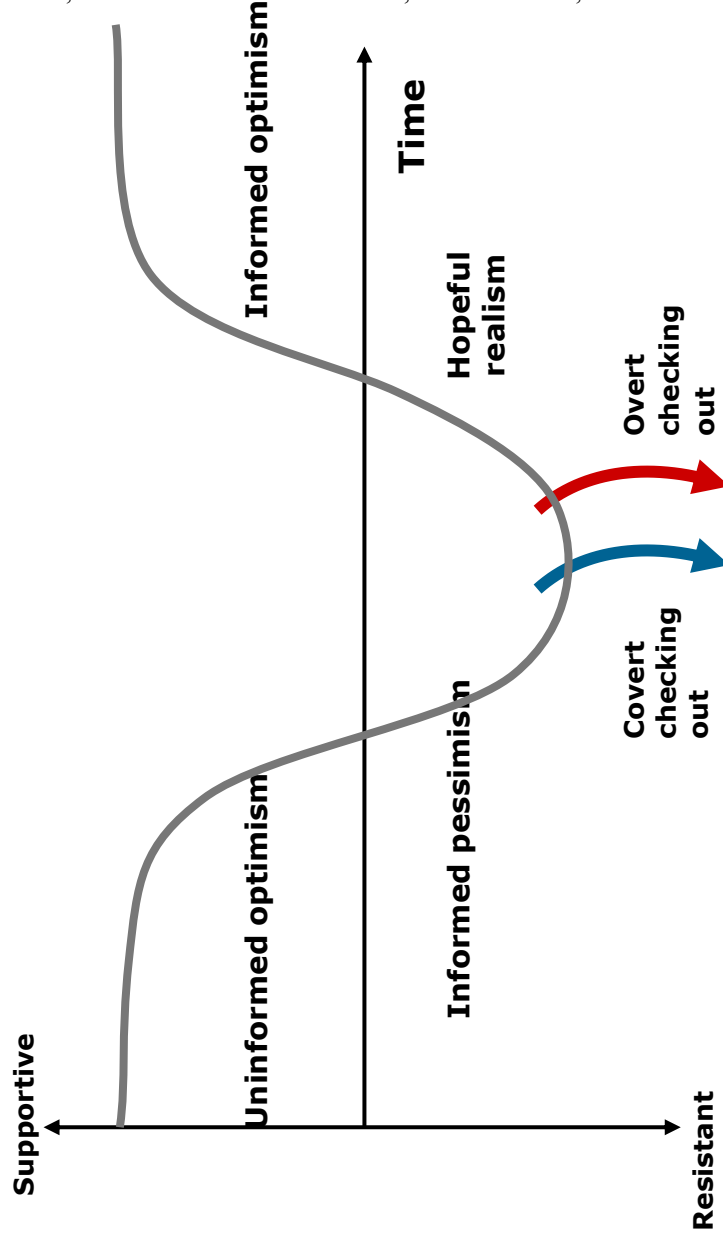
WHAT	WHEN	HOW
<ul style="list-style-type: none"> Background: EGD and Union gas filed a joint MAADs application with the OEB. This framework: <ul style="list-style-type: none"> Gives the integrated utility 10 years to amalgamate so that we can implement changes thoughtfully Significant investments will be made to get savings Efficiencies will be driven by systems and workforce optimization, applying best practices from each utility 	<ul style="list-style-type: none"> Q4 2017: <ul style="list-style-type: none"> Filed MAADs application with the OEB November 2. Application and evidence posted on the EGD and UG websites A separate rates mechanism application filed later in November proposes a preset formula for distribution rates. Q3 2018: <ul style="list-style-type: none"> OEB decision is expected in the summer of 2018 Decision could combine MAADs and distribution rates application or handle these separately Leading up to the decision, we will be responding to interrogatories and preparing for an oral hearing We will keep employees and stakeholders informed Q1 2019: <ul style="list-style-type: none"> January 1, 2019 would be Day 1 of amalgamated utility 2019 rates implemented January 1, 2019 2019-2028 ten year MAADs framework Rebasing in 2028 No changes will be made until we have a decision 	<ul style="list-style-type: none"> Learn what it means to be an effective change sponsors. Know that under stress, people's capacity to fully comprehend new information is significantly reduced. Expect that: <ul style="list-style-type: none"> They will judge you as the messenger before they listen to the message They will have difficulty hearing, recalling, and understanding Individual attention span is reduced to 15 minutes and retention to only 3 ideas with no more than 3 facts. Focus on individual accountabilities. Get back to the basics and be ready to be clear on: <ul style="list-style-type: none"> Roles – what I should/not do Relationships – who should I connect with to achieve goals Knowledge – of how to get my job done Beliefs – understand what they expect will happen vs. what is known or planned to happen Respond with clear, future-focused communication by linking to: <ul style="list-style-type: none"> External market pressures The Five Strategic Intentions Recognizing high collaboration Change resources on ELink
<ul style="list-style-type: none"> Integration benefits our customers, making us more competitive: <ul style="list-style-type: none"> Ensures stable, predictable customer rates that are lower than they otherwise would be Guarantees continued outstanding quality of service and operational excellence Supports ongoing utility investments in energy infrastructure to meet customer needs 		
<ul style="list-style-type: none"> Integration positions us for a stronger future <ul style="list-style-type: none"> We've done an excellent job of embracing productivity This is the next best opportunity to continue delivering value to Ontario energy consumers An integrated utility serving 3.5+ million customers safely, efficiently and affordably will enable us to grow and will provide opportunities to employees 		

Resistance is natural, predictable and can be managed

STAGES OF RESISTANCE FROM NEGATIVELY PERCEIVED CHANGE



STAGES OF RESISTANCE FROM POSITIVELY PERCEIVED CHANGE



Help people move through the stages of resistance as quickly as possible

Stages of reaction to change

Source | Toombs Inc.



Note: Each individual will respond differently based on the impact of the change on them, their proximity to the change, their personal style and their experiences with change.





Dealing with Shock or Anger

Shock

Immobilization | Denial | Uninformed optimism

Reaction:

Hard to concentrate and withdrawn

Shock Shock or disbelief, particularly if there has been little forewarning or understanding that this is an event

You may feel

- Difficulty concentrating
- What is coming next?
- Anxiety about what the changes mean for you personally

What you can do

- **Build Awareness**
- Acknowledge to yourself that this can be a difficult time
- Connect with people – seek connection and support from your leader and your colleagues
- Be honest about how you are feeling
- Ask questions

Anger

Anger | Bargaining | Informed pessimism

Reaction: Betrayal, injustice, powerlessness and lack of trust of decision makers

Anger You may have intense feelings of anger and be more sensitive or agitated

You may feel

- Feelings of betrayal, injustice and powerlessness
- Aggressive or passive aggressive toward others
- Lack of trust towards those who have made the decisions

What you can do

- **Build Awareness and Desire to change**
- Be patient – realize that change takes time
- Respect that others are also going through change
- Seek refuge or a safe space to get away if you need to
- Seek the facts – avoid speculation or rumors
- Consider what you CAN control and focus on constructive tasks and activities that can be accomplished
- Consider seeking outside help - Doctor, Employee & Family Assistance helpline, friends, family

Dealing with Loss or Fear

Loss

Depression | Covert or Overt checking out

Reaction: Physical symptoms (lack of sleep), productivity loss

Fear

Testing | Covert or Overt checking out | Hopeful realism

Reaction:

Worry, stress, fears about ability towards new responsibilities

Loss

You may start to experience a sense of loss and grief over relationships if people are leaving or moving to another area

You may feel

- Worry that daily activity will change
- What does this mean for me?
- Am I still important and valued?

What you can do

- **Build Knowledge and Ability**
- Allow yourself time to grieve - acknowledge the change and don't minimize what you are feeling
- Show compassion and understanding – reach out and remain connected to close colleagues
- Consider seeking outside help - Doctor, Employee & Family Assistance helpline, friends and family

Fear

You may be worried for your job and/or the work environment

You may feel

- Concerned about expressing how you feel
- Questioning your own abilities or interests
- Loss of control, vulnerable, worried, stressed

What you can do

- **Build Knowledge and Ability**
- Talk to your leader about your concerns
- Seek information about what is happening
- Trust that decisions are made with the utmost respect and integrity
- Remember that you are valued
- Talk to a colleague who you know is coping well
- Consider seeking outside help - Doctor, Employee & Family Assistance helpline, friends, family
- Consider the possibilities that the change will open up



Dealing with Acceptance



Acceptance
 Acceptance |
 Informed optimism

Reaction:
 See the potential
 opportunities

Acceptance You eventually accept what has happened and feel comfortable with the changes and new expectations

- You may feel**
- Changes have occurred, how can I make the best of it?
 - Curiosity regarding new opportunities
 - Positive about what the future holds

What you can do

- **Encourage Reinforcement**
- Get involved – seek opportunities to support the change
- Reinforce the value you and your colleagues can deliver
- Talk – about what you are excited for and why you think the change will have a positive impact
- Encourage people to remain open
- Be clear on work priorities and that we need to get things done
- Take opportunities for professional development
- Talk about how this is ‘good’ different
- Celebrate accomplishments

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Redford
To Ms. Girvan

REF: Tr.3 p.68.

To provide the Competition Bureau no-action letter.

Response:

A copy of the Competition Bureau's February 22, 2017 no action letter is provided as Attachment 1. In the letter, the Competition Bureau explains that it does not intend to make an application under section 92 of the Competition Act in respect of the Enbridge-Spectra merger ("Merger") transaction and that, pursuant to section 97 of the Competition Act, it has a one year period following completion of the Merger to bring an application to the Competition Tribunal. In reliance upon this clearance from the Competition Bureau, the Merger closed five days later on February 27, 2017.

As noted in Exhibit C.SEC.3, the Competition Bureau's mandate is to determine whether a proposed merger "prevents or lessens, or is likely to prevent or lessen, competition substantially". The fact that the Competition Bureau issued a no action letter and did not review its decision within the following year represents a clear conclusion that the Merger and resulting common control of the underlying distribution, transmission and storage businesses (including the unregulated storage business) did not have a substantial detrimental competitive impact on market participants.



Bureau de la concurrence
Canada

Competition Bureau
Canada

Direction des fusions

Mergers Directorate

Télécopieur-Facsimile
(819) 994-0998

Place du Portage I
50, rue Victoria
Gatineau (Québec)
K1A 0C9

Place du Portage I
50 Victoria Street
Gatineau, Québec
K1A 0C9

Téléphone-Telephone
(819) 994-5165

Projet-Project: 3111455

FEB 22 2017

Mr. Oliver Borgers
McCarthy Tétrault LLP
Box 48, Suite 5300
Toronto Dominion Bank Tower
Toronto, ON M5K 1E6

Dear Mr. Borgers:

Re: Proposed acquisition by Enbridge Inc. and/or its affiliates of Spectra Energy Corp and/or its affiliates pursuant to the Agreement and Plan of Merger dated September 5, 2016

I am writing in regard to your letter of October 3, 2016, in which you requested on behalf of Enbridge Inc. and/or its affiliates and Spectra Energy Corp and/or its affiliates the issuance of an Advance Ruling Certificate (“ARC”) pursuant to section 102 of the *Competition Act* (the “Act”) or in the alternative a No-Action Letter, and the merger notifications of the parties received on October 3, 2016 in accordance with section 16 of the *Notifiable Transaction Regulations* with respect to the above-noted transaction (the “Transaction”).

Based on the information provided by the parties, and information obtained from other sources, it would not be appropriate to issue an ARC as requested by the parties. However, the Commissioner of Competition (the “Commissioner”) does not, at this time, intend to make an application under section 92 of the Act in respect of the Transaction. Please note that section 97 of the Act provides a one year period following completion of the Transaction during which the Commissioner may bring an application to the Competition Tribunal.

.../2

-2-

I would appreciate it if you would advise the Merger Notification Unit at ic.avisdefusionmergernotification.ic@canada.ca of the actual closing date of the Transaction. I would like to thank you for your cooperation in the examination of this matter. Should you wish to discuss or have any questions concerning this matter, please contact the reviewing officer, Alex Sarabura at 819-997-5879.

Sincerely yours,



Denis Corriveau
Acting Associate Deputy
Commissioner of Competition
Mergers Directorate

cc: Calvin Goldman, Goodmans LLP
Richard Annan, Goodmans LLP

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Charleson
To Mr. Quinn

REF: Tr.3 p.104.

To provide a version of the matrix for evaluation of bids in the blind tender process

Response:

Please see the attached matrix that has been redacted to remove commercially sensitive information.

EGD Storage RFP matrix ¹

EGD defined terms:

- *Up to 5 years of service commencing April 1, 2018
- *Firm Injection Schedule: at a minimum, must include the months of May through September
- *Firm Withdrawal Schedule: at a minimum, must include the months of December through March
- *Firm Injection Curve rights: at least 0.75% of MSB per day when inventory is less than 75% full
- *Firm Withdrawal Curve rights: at least 1.2% of MSB per day when inventory is more than 25% full

	Company A	Company B	Company C	Company C	Company C	Company C	Company C
Counterparty (BLIND)							
offer descriptor (ie 1 of 3)	1 of 1	1 of 1 Standard LST Service	1 of 12	2 of 12	3 of 12	4 of 12	
TERM (years)	3	2-5 Years	1	2	3	1	
Start date	4/1/2018	1-Apr-18	1-Apr-18	1-Apr-18	1-Apr-18	1-Apr-18	
Inject/Withdrawal Location	Union-Dawn	Union-Dawn	Dawn	Dawn	Dawn	Dawn	
MSB (max annual storage balance) units: GJ or MMBtu	2,000,000	Up to 8,000,000 GJ	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Heat Value		N/A	mmbtu	mmbtu	mmbtu	mmbtu	mmbtu
Demand Charge per unit							
Commodity Charge per unit							
Fuel Charge per unit							
Transportation Charge per unit							
Injection Curve parameters/ratchets							
Injection period (firm/interruptible)							
Additional/Enhanced terms							
Withdrawal Curve parameters/ratchets							
Withdrawal period (firm/interruptible)							
Cycling terms (ie unlimited)							
Nomination Windows							
Additional/Enhanced terms							
General Terms and Conditions							
Additional Comments							

¹ If any above line item is not applicable, please insert N/A

	Company C	Company C	Company C	Company C	Company C	Company C
Counterparty (BLIND)	Company C	Company C	Company C	Company C	Company C	Company C
offer descriptor (ie 1 of 3)	5 of 12	6 of 12	7 of 12	8 of 12	9 of 12	10 of 12
TERM (years)	2	3	1	2	3	1
Start date	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn
Inject/Withdrawal Location						
MSB (max annual storage balance) units: GJ or MMBtu	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Heat Value	mmbtu	mmbtu	mmbtu	mmbtu	mmbtu	mmbtu
Demand Charge per unit						
Commodity Charge per unit						
Fuel Charge per unit						
Transportation Charge per unit						
Injection Curve parameters/ratchets						
Injection period (firm/interruptible)						
Additional/Enhanced terms						
Withdrawal Curve parameters/ratchets						
Withdrawal period (firm/interruptible)						
Cycling terms (ie unlimited)						
Nomination Windows						
Additional/Enhanced terms						
General Terms and Conditions						
Additional Comments						

	Company C	Company C	Company D	Company D	Company D	Company D
Counterparty (BLIND)						Company D
offer descriptor (ie 1 of 3)	11 of 12	12 of 12	1 of 13	2 of 13	3 of 13	4 of 13
TERM (years)	2	3	1 year	2 year	3 year	4 year
Start date	1-Apr-18 Dawn	1-Apr-18 Dawn	1-May-18 Dawn	1-May-18 Dawn	1-May-18 Dawn	1-May-18 Dawn
Inject/Withdrawal Location						
MSB (max annual storage balance) units: GJ or MMBtu	2,000,000	2,000,000	1,000,000 MMBtu	1,000,000 MMBtu	1,000,000 MMBtu	1,000,000 MMBtu
Heat Value	mmbtu	mmbtu	n/a	n/a	n/a	n/a
Demand Charge per unit						
Commodity Charge per unit						
Fuel Charge per unit						
Transportation Charge per unit						
Injection Curve parameters/ratchets						
Injection period (firm/interruptible)						
Additional/Enhanced terms						
Withdrawal Curve parameters/ratchets						
Withdrawal period (firm/interruptible)						
Cycling terms (ie unlimited)						
Nomination Windows						
Additional/Enhanced terms						
General Terms and Conditions						
Additional Comments						

	Company D	Company D	Company D	Company D	Company D	Company D
Counterparty (BLIND)	Company D	Company D	Company D	Company D	Company D	Company D
offer descriptor (ie 1 of 3)	5 of 13	6 of 13	7 of 13	8 of 13	9 of 13	10 of 13
TERM (years)	1 year	2 year	3 year	4 year	1 year	2 year
Start date	1-May-18 Dawn	1-May-18 Dawn	1-May-18 Dawn	1-May-18 Dawn	1-May-18 Dawn	1-May-18 Dawn
Inject/Withdrawal Location						
MSB (max annual storage balance) units: GJ or MMBtu	2,000,000 MMBtu	2,000,000 MMBtu	2,000,000 MMBtu	2,000,000 MMBtu	3,000,000 MMBtu	3,000,000 MMBtu
Heat Value	n/a	n/a	n/a	n/a	n/a	n/a
Demand Charge per unit						
Commodity Charge per unit						
Fuel Charge per unit						
Transportation Charge per unit						
Injection Curve parameters/ratchets						
Injection period (firm/interruptible)						
Additional/Enhanced terms						
Withdrawal Curve parameters/ratchets						
Withdrawal period (firm/interruptible)						
Cycling terms (ie unlimited)						
Nomination Windows						
Additional/Enhanced terms						
General Terms and Conditions						
Additional Comments						

	Company D	Company D	Company D	Company E	Company E	Company E
Counterparty (BLIND)						
offer descriptor (ie 1 of 3)	11 of 13	12 of 13	13 of 13	1 of 6	2 of 6	3 of 6
TERM (years)	3 year	4 year	3 year	1 year	3 years	5 years
Start date	1-May-18 Dawn	1-May-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn
Inject/Withdrawal Location						
MSB (max annual storage balance) units: GJ or MMBtu	3,000,000 MMBtu	3,000,000 MMBtu	1,000,000 MMBtu	3,000,000 mmbtu	3,000,000 mmbtu	3,000,000 mmbtu
Heat Value	n/a	n/a	n/a	Per TransCanada Pipelines	Per TransCanada Pipelines	Per TransCanada Pipelines
Demand Charge per unit						
Commodity Charge per unit						
Fuel Charge per unit						
Transportation Charge per unit						
Injection Curve parameters/ratchets						
Injection period (firm/interruptible)						
Additional/Enhanced terms						
Withdrawal Curve parameters/ratchets						
Withdrawal period (firm/interruptible)						
Cycling terms (ie unlimited)						
Nomination Windows						
Additional/Enhanced terms						
General Terms and Conditions						
Additional Comments						

	Company E	Company E	Company E	Company F	Company G
Counterparty (BLIND)	Company E	Company E	Company E	Company F	Company G
offer descriptor (ie 1 of 3)	4 of 6	5 of 6	6 of 6	1 of 1	1 of 1
TERM (years)	1 year	3 years	5 years	1	5 years
Start date	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	1-Apr-18 Dawn	April 1, 2018
Inject/Withdrawal Location					Injections location: Company G Interconnect with Vector/Rover or Nexus. WD location: Company G
MSB (max annual storage balance) units: GJ or MMBtu	5,000,000 mmbtu	5,000,000 mmbtu	5,000,000 mmbtu	2.14 Bcf	MSB up to 8 Bcf or equivalent GJ of storage capacity.
Heat Value	Per TransCanada Pipelines	Per TransCanada Pipelines	Per TransCanada Pipelines	N/A	current heat value on injections is approx 1.050
Demand Charge per unit					
Commodity Charge per unit					
Fuel Charge per unit					
Transportation Charge per unit					
Injection Curve parameters/ratchets					
Injection period (firm/interruptible)					
Additional/Enhanced terms					
Withdrawal Curve parameters/ratchets					
Withdrawal period (firm/interruptible)					
Cycling terms (ie unlimited)					
Nomination Windows					
Additional/Enhanced terms					
General Terms and Conditions					
Additional Comments					