

VIA RESS and EMAIL

February 26, 2021

Christine Long
Registrar, Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Long,

**Re: EB-2020-0181 – Enbridge Gas Inc. (“Enbridge Gas”)
2021 Rates (Phase 2 – Incremental Capital Module)
Undertaking Responses**

In accordance with Procedural Order No. 4, enclosed please find undertaking responses from Enbridge Gas in the technical conference held on February 17, 2021 in the above noted proceeding.

Further, Enbridge Gas has reviewed the technical conference transcript and notes the following corrections:

As Stated	Correction
Throughout transcript, witness name Eric Naczynski	Throughout transcript, witness name should be Erik Naczynski
“Appearances” – Allison Evans	“Appearances” – Alison Evans
Page 1, Line 4 - Welcome to the virtual technical conference for EB-2021-0181	Page 1, Line 4 - Welcome to the virtual technical conference for EB-2020-0181
Page 3, Line 18 - Torul, and Allison Evans, and also with us are the witness...	Page 3, Line 18 - Torul, and Alison Evans, and also with us are the witness...
Page 3, Line 21 - Catherine McCowan, manager, risk, strategy, and planning;	Page 3, Line 21 – Catherine McCowan, manager, Integrity & Asset Management Governance;
Page 25, Line 10 - we asked about the direction given by the government...	Page 25, Line 10 - we asked about the direction given by the governance...
Page 25, Line 18 - from the government structure to those we are seeing?	Page 25, Line 18 - from the governance structure to those we are seeing?

Page 25, Line 21 - government's team is the one that I lead, and so we...	Page 25, Line 21 - governance team is the one that I lead, and so we...
Page 27, Line 5 - Ms. McCowan, you said you are part of that government ...	Page 27, Line 5 - Ms. McCowan, you said you are part of that governance ...
Page 43, Line 1 - work with their contractors, they know how many names or...	Page 43, Line 1 - work with their contractors, they know how many mains or...
Page 52, Line 16 - been treating risk on an interim basis through increased survey and things like that,	Page 52, Line 16 - been treating risk on an interim basis through increased leak survey and things like that, [insert leak]
Page 54, Line 21 - mean, the project had already been identified to the...	Page 54, Line 21 - mean, the project had already been identified through the...
Page 83, Line 1, bias capitalization study did yield a slightly higher	Page 83, Line 1 – bias capitalization study did yield a slightly higher [remove the word bias]
Page 125, Line 15 - And could somebody just help me with the score meter...	Page 125, Line 15 - And could somebody just help me with the SCOR meter...

Should you have any questions on this matter please contact the undersigned.

Sincerely,

Rakesh Torul
Technical Manager
Regulatory Applications

cc: David Stevens, Aird & Berlis LLP
Intervenors (EB-2020-0181)

ENBRIDGE GAS INC.

Undertaking Response to ED

The Board ruled that "Enbridge Gas should be prepared to respond to questions pertaining to how the London Line replacement and the Sarnia industrial line reinforcement projects are informed by the USP and asset management plan (AMP)". To that end, we ask that Enbridge Gas provide, a), the demand forecasts underlying the London Line Replacement Project, the Sarnia industrial line reinforcement project, the USP, and the AMP; b), create a table comparing the relative demand forecasts; c), explain any variances between the demand forecasts; and d), explain how the project demand forecasts are informed by the demand forecasts used in its utility system planning and asset management planning. To provide a response to part d) of the question, as well as to advise as to the reasons why the Company declines to provide a response to parts a) through c).

Response:

a) to c)

The needs for the London Line Replacement Project and the Sarnia Industrial Line Reinforcement Project were described in their respective Leave to Construct Applications which were approved by the Ontario Energy Board. Enbridge Gas does not agree that the overall demand forecasts underlying the USP and AMP, or any "relative" demand forecasts are relevant to this application, which seeks ICM funding for two recently approved projects.

d) Whether for the Asset Plan, USP, or specific projects, Enbridge Gas relies on a demand forecast that considers the firm peak delivery requirements of its customers. In the case of the London Lines Replacement, the need for the investment is not driven by a change in demand but rather the condition of the assets. In the case of the Sarnia Industrial Line Reinforcement the demand is driven by a specific customer.

ENBRIDGE GAS INC.

Undertaking Response to FRPO

To update the UG rate zone table attached to FRPO.1 to reflect the current timing and categorization of the in-service capital for the Windsor Line.

Response:

The table below has been updated to reflect the current timing and categorization of the in-service capital for Windsor Line.

UG Rate Zone

Line No.	Category	2019 Actual	2020 Forecast	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
1	General Plant	51.8	28.4	55.6	56.8	78.8	72.4	91.1
2	System Access	104.4	97.8	121.9	328.5	126.3	252.8	125.7
3	System Access – ICM including overhead			28.8				
4	System Renewal	106.4	121.3	203.6	197.6	210.3	345.9	136.4
5	System Renewal – ICM including overhead		31.4	177.1				
6	System Service	91.4	97.1	93.1	123.0	177.0	52.5	168.2
7	System Service – ICM including overhead	84.0	11.0					
8	Overheads	69.8	85.3					
9	Total Capital	507.8	472.3	680.1	705.9	592.3	723.7	521.4

ENBRIDGE GAS INC.

Undertaking Response to FRPO

To provide examples of assets whose life may be extended by ILI or other activities being done now, and to add an indication of the current expenditures on the subject assets.

Response:

An example of using inline inspection (ILI) to extend the life of an asset is the work Enbridge Gas is undertaking in 2021 to prepare the NPS 8 East Valley Line for inline inspection with geometry (caliper) and Magnetic Flux Leakage (MFL) tools. This 16 km line was originally installed in 1958, and since that time has been subject to some threat mechanisms, including metal loss due to corrosion and potential third-party damage. Rather than replacing the entire pipeline, Enbridge Gas is retrofitting the line to allow for the passage of ILI tools.

These retrofits involve the installation of ILI tool launcher and receiver, as well as the removal of fittings that would inhibit the passage of ILI tools. The results of the subsequent ILI tool run, which is scheduled for late 2021, will allow Enbridge Gas to determine the prevalence of metal loss, latent damage, or other potentially injurious features on the line. Targeted repairs or replacements will address the sections of the pipeline that have been significantly degraded, rather than replacing the entire line. This will extend the life of the remaining sections of this 63-year-old line that do not have significant metal loss present.

Similarly, the 12km long St. Mary's Line was constructed in 1958 with NPS 6 pipe. To better understand the pipeline condition, the pipeline is being modified in 2021 to allow the passage of ILI tools. The inspection is scheduled to take place in 2022. The tool will provide a dataset that Enbridge Gas can use to investigate areas with potential pipeline defects. By repairing or replacing the problematic areas, we can continue to safely operate the pipeline, thereby extending the useful life of the asset.

These projects are similar in nature to many which Enbridge Gas has completed in the past, including the NPS 8 Leamington North Line. This pipeline, which was installed in 1968, was retrofitted and inline inspected in 2017. Following the ILI, multiple features were investigated and determined not to be injurious to the pipeline. Subsequently, the pipeline was confirmed to be fit for service at the designated Maximum Operating Pressure (MOP). Following the initial investment, future inspections can and will be conducted to allow Enbridge Gas to continue to ensure the safe and reliable operation of its assets.

The current expenditures on the assets described above is provided in the table below:

Investment Code	Investment Name	Asset Class	Asset Program	2021	2022	2023	2024	2025	(2021-2025) Forecast
12268	NPS 8 East Valley - Lancaster to Alexandria Pipeline - Retrofit	Distribution Pipe	DP - Integrity	3,657,440					3,657,440
102213	INTE: St. Marys: Retrofit	Distribution Pipe	DP - Integrity	1,238,000					1,238,000

ENBRIDGE GAS INC.

Undertaking Response to FRPO

In relation to Figure 6.1-2, to advise as to what projects within the Union Gas rate zone 2021 pre-optimized spend profile were moved to future years or to ICM request within 2021, based on the best information that still exists or is available for the company.

Response:

Much of the capital spend is not discretionary but, where projects have some discretion with respect to timing, Enbridge Gas uses this to smooth the spend profile. The extract below shows projects that were initially put forward for 2021, the year that they were moved to by the optimization, and the year in which they were ultimately placed in the 5-year AMP. During the Technical conference Enbridge Gas described the iterative process required to create the 5-year AMP. The data in the chart below shows that in some cases the optimization pushed a project out to a later year and that was accepted through various stakeholder reviews whereas in other cases, those that were closest to the underlying needs of the assets felt that it was important to bring the investment forward sooner.

Investment Code	Investment Name	Asset Program (EGI)	USP Investment Category	EGI - Baseline Start Date	EGI Opt Results Start Date	AMP Start Date	(2021-2025) Forecast
48738	50 Keil Renovations - Phase 3	REWS - Furniture/Structures & Improvements	General Plant	1/1/2021	1/1/2023	1/1/2022	\$ 5,719,900
100620	555 Riverview Regional Operations Centre	REWS - Furniture/Structures & Improvements	General Plant	1/1/2021	1/1/2023	1/1/2022	\$ 7,919,200
49796	Ingersoll Transmission Station Rebuild	GTH - System Reinforcement	System Service	1/1/2021	1/1/2023	1/1/2022	\$ 10,189,190
48757	Dunnville Line Reinforcement Loop 10" reinforcement from outlet of Caledonia Trans, ending at Stoneman Rd	GTH - System Reinforcement	System Service	1/1/2021	1/1/2025	1/1/2022	\$ 11,078,180

ENBRIDGE GAS INC.

Undertaking Response to FRPO

To provide a list of specific condition assessment systems and what may have changed in terms of specific criteria which contributed to an advancement of the need to have system renewal.

Response:

Enbridge Gas has leveraged assessment information and analyses from the two legacy companies to develop a more thorough understanding of asset condition. As a result of these analyses, Enbridge Gas has improved its ability to determine and project when the end of the asset's useful life will occur.

Enbridge Gas has developed statistical techniques to support the condition analysis for below grade assets because in most instances there is no way to establish their condition. Though the statistical condition analysis tools have yet to be applied to the complete gas distribution network, learnings and guidance from them has helped to improve the Company's understanding of the condition of its below grade assets across the Union Gas and EGD Rate Zones.

ENBRIDGE GAS INC.

Undertaking Response to EP

To provide the new capitalization policy.

Response:

Please see Attachment 1 for a copy of the harmonized overhead capitalization policy for Enbridge Gas. The revised policy was implemented as of January 1, 2020. The final report was delivered to Enbridge Gas on May 15, 2020.

Ernst & Young LLP (EY) prepared the attached Report only for Enbridge Gas Inc. (Client) pursuant to an agreement solely between EY and Client. EY did not perform its services on behalf of or to serve the needs of any other person or entity. Accordingly, EY expressly disclaims any duties or obligations to any other person or entity based on its use of the attached Report. Any other person or entity must perform its own due diligence inquiries and procedures for all purposes, including, but not limited to, satisfying itself as to the financial condition and control environment of Client, as well as the appropriateness of the accounting for any particular situation addressed by the Report.

EY did not perform an audit, review, examination or other form of attestation (as those terms are identified by CPA Canada, the AICPA or by the Public Company Accounting Oversight Board) of Client's financial statements. Accordingly, EY did not express any form of assurance on Client's accounting matters, financial statements, any financial or other information or internal controls. EY did not conclude on the appropriate accounting treatment based on specific facts or recommend which accounting policy/treatment Client should select or adopt.

The observations relating to accounting matters that EY provided to Client were designed to assist Client in reaching its own conclusions and do not constitute our concurrence with or support of Client's accounting or reporting. Client alone is responsible for the preparation of its financial statements, including all of the judgments inherent in preparing them.

This information is not intended or written to be used, and it may not be used, for the purpose of avoiding penalties that may be imposed on a taxpayer.

Enbridge Gas Inc: Overhead Capitalization Study

15 May 2020



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I. Executive summary

EY was retained by Enbridge Gas Inc. (Company or EGI) to assist management in its determination of the Company's harmonized capitalization methodology, subsequent to a January 2019 amalgamation of Enbridge Gas Distribution (Enbridge Gas or EGD) and Union Gas Limited (Union Gas or UGL).

EY obtained an understanding of the current practices and methodology at the legacy entities, EGD and UGL. As part of our assistance to management in documenting a comprehensive overhead capitalization methodology for EGI, EY then utilized a combined approach of relying on accounting guidance, cost causation linkage, discussions with EGI personnel, and understanding industry best practices. Through these procedures, EY developed a better understanding of the nature of costs incurred, the causation of these costs as they relate to capital activity, and the criteria by which capital allocations are determined.

Based on our interviews with staff, EY observed that the updated methodology for EGI incorporates various cost drivers that management has determined to best represent capital activity. EY documented management's rationale in determining the cost drivers, basis for allocations, and causality to capital projects. Further, as a result of the amalgamation and change in organizational structure, the Company determined that a harmonization of the indirect overhead methodology was required to reflect the operations and structure of the amalgamated Company.

II. Background and purpose

As of 1 January, 2019, Enbridge amalgamated Union Gas and Enbridge Gas to form EGI. As rate-regulated entities, EGD and UGL filed a joint application to the Ontario Energy Board (OEB) for approval to amalgamate the entities to form one entity — EGI. As part of the application, the submission detailed that there would be an alignment of accounting policies to combine the two entities for purposes of financial reporting in accordance with US GAAP.

Prior to the amalgamation, EGD and UGL capitalized indirect overhead using their respective legacy methodologies that, as asserted by management, conformed with US GAAP and that were also previously (and separately) approved by the OEB. After the amalgamation, EGI pursued a harmonized capitalization methodology due to the need for more a streamlined and efficient approach to capitalize overhead and incorporating industry best practices that have developed since the time of legacy approaches. Further, the new methodology is inspired by the need for unified accounting policies and meeting the regulatory requirement of ensuring that capitalization rates actually reflect the capital work within the newly amalgamated entity.

As part of our engagement, EY assisted management in the documentation of a harmonized policy, provided accounting and financial reporting assistance in connection with EGI's review of overhead capitalization rates and provided observations to management as a result of our procedures performed.

This report has been prepared for Enbridge Gas Inc.

III. Methodology and rates

Application of indirect overhead

Overhead costs that can be linked to the creation of capital are expenses that support the production or construction of an asset, but cannot be directly associated with any particular asset or working group. In general, the types of overhead costs that the Company has historically capitalized are as follows:

Specific capital support: This category encompasses processes for evaluating, designing and implementing specific capital projects. This would be seen in a situation where a project has been approved but the costs for this activity are not charged directly to capital as a specific project cannot be identified. A practical example at EGI is when a manager or director is involved in supporting multiple projects and cannot track time to specific projects due to the volume of projects.

Support and oversight of activities: This category encompasses processes for the supervision and administration of those activities that are charged directly to capital projects. Functions that support, supervise and monitor these direct capital project activities will have an appropriate portion of their costs allocated to indirect capital overhead.

Support functions: A function can be defined as a group of employees that collectively perform a particular function or role. This category includes the support functions that enable the various departments that perform the capital function to do their work. These support functions include: budgeting/reporting, building maintenance, IT help desk, human resources, legal, regulatory, strategic development, procurement, plant accounting and accounts payable.

The basic premise behind the allocation of overhead costs is that it is linked to the root cause of the capital activity, reflects the actual capital activity and is indicative of the operations of the business. The Company intends to apply a model that will ensure the consideration of two key areas:

- ▶ Consideration of geographical regions
- ▶ Causality of the overhead cost with respect to capital activity

In the proposed harmonized framework, the Company intends to implement three different cost drivers based on the nature and function of the business unit to ensure that costs are being capitalized based on the most relevant driver.

Capital spend (geographical considerations) for operations costs:

Through the amalgamation, EGI will service a larger geographical area than the previous legacy companies. As such, management has determined that the level of capital activity within geographical regions may differ, and therefore the capitalization rate of business groups that directly support these regional groups (and are not centralized) should reflect the respective region. For example, capital activity will likely be greater in a region experiencing higher development growth. On the contrary, Operations & Maintenance (“O&M”) activity may be greater in a region where housing developments have already peaked. As a result, the overhead costs relating to operations groups will be capitalized using a ratio of direct internal capital expenses to the total of all non-overhead costs for each region. As determined by the Company, there are seven regions: Toronto, GTA East, GTA West/Niagara, Eastern, Northern, Southwest and Southeast.

The formula for the calculation of the indirect overhead capitalization rate below. Using this formula, EGI will be able to update the operations costs capitalization rates for indirect overhead on an annual basis in order to ensure that the capitalization rate closely reflects the capital activity of the Company.

[Direct Labour + Direct Materials] / [Total Direct Capital Costs + Total Direct O&M Costs – Outside Services and Contractor Costs]

Direct labour and direct materials comprise of internal costs, and do not include outside services and contractor costs as a part of this calculation. Once the unique rate is calculated for each region, it will be applied to the total pool of O&M costs for each respective region to determine the indirect overhead allocation.

Time analysis for business costs:

Certain areas of the Company support the operations of the business, but are not necessarily directly involved in capital projects. For these groups to better understand and accurately depict their capital involvement, time analysis has been determined to be the best indicator of capital activity. Time analysis is an estimate that is developed by the managers of each individual department through the completion of templates, which incorporate the allocation of each individual employees’ time within that department between the various activities and responsibilities of the respective group. Based on the appropriate accounting guidance as defined in ASC 360-10, and enterprise capitalization policies, these activities are grouped between Capital and O&M, as appropriate. A weighted average of Capital to O&M time is calculated between all employees in that manager group. This average is then applied to all costs incurred within a specified director group based on the completed templates and capitalized at that respective rate.

In some situations, where labour hours data was not available or reflective of the group’s activities, the capitalization rate was determined by the company through calculating the proportion of indirect capital spend compared to the gross costs of the group.

Using the time analysis templates, EGI will be able to update the business costs capitalization rates for indirect overhead on an annual basis in order to ensure that the capitalization rate closely reflects the capital activity of the Company.

Shared services costs:

Certain areas of the Company that support all activities of the business will be grouped as part of a shared services pool. Costs from these groups will not be capitalized using the time analysis or capital spend approach. Due to the nature of these groups, expenses are tracked at an aggregate level, but support the capital operations of the business. For example, HR would play an integral role in the developing of job postings, determining roles and responsibilities and ultimately hiring individuals whose function would be to complete capital projects. As a result, a single capitalization rate has been computed for this pool taking into the account the average capital activity of the areas of the business that are supported by the shared services group.

Using the weighted average methodology, EGI will be able to update the shared service costs capitalization rates for indirect overhead on an annual basis in order to ensure that the capitalization rate closely reflects the capital activity of the Company.

Human Resources (Direct and Indirect Loadings):

Under EGI's capitalization methodology, HR pension and benefits associated to employees charging time directly to capital projects (i.e. HR pension and benefits related to direct labour costs), will be capitalized directly to projects. This is referred to as direct loadings.

HR pension and benefits associated with employees not charging time directly to capital projects (i.e. HR pension and benefits related indirect labour costs), is referred to as indirect loadings. For indirect labour costs that are capitalized, a rate will be applied to the salaries and wages capitalized to allocate the appropriate amount of HR pension and benefit costs to capital.

The remaining costs of the HR group (i.e. non-pension and benefits costs), which cannot be allocated based on either the direct loadings or indirect loadings methodology will be allocated through the shared services allocation method discussed above.

Corporate Allocations:

Corporate allocations are comprised of charges that reflect EGI's net share of the costs incurred by other subsidiaries or corporate to support EGI. These costs are composed primarily of two categories: shared services and human resources.

The first category of cost allocations are similar in nature to shared services costs. They are centralized functions carried out by another lines of businesses or Enbridge Inc. that support EGI. As a result, when these centralized functions costs are allocated down to EGI, they are capitalized at EGI using the shared services rate discussed above. This is because the costs allocated to EGI were incurred to support the overall EGI business, and are no different in principle from a shared service cost incurred at EGI.

The second category of cost allocations are related to the HR function (i.e. pension and benefits and HR department costs) that support EGI. These HR cost allocations are capitalized at EGI using a weighted average HR rate reflects the nature of costs being allocated down to EGI. The HR rate is comprised of pension and benefits (i.e. direct loadings and indirect loadings) and HR department costs (i.e. capitalization of HR department costs via shared services method).

IV. Final summary of costs and rates

Presented below is a summary of EGI's 2020 indirect overhead capitalization based on the harmonized capitalization methodology being adopted. All amounts are based on 2020 budgeted figures.

Cost Category	Amount
Operations	\$93,465,509
Business Costs	\$47,439,612
Human Resources	\$61,386,770
Shared Services	\$21,656,247
CAM Costs	\$29,352,208
Total	\$253,300,346

For a summary of capitalization rates calculated under the harmonized capitalization methodology, please see Appendix II.

V. Procedures taken by EY in providing management assistance

As part of EY's assistance to management in determining the new overhead capitalization methodology, several steps were taken to document the overhead rates used for various functions:

1. Obtained an understanding of the overhead capitalization practices at the legacy companies;
2. Documented all cost centres and calculated the overhead percentage for each one based on raw data provided by the Company. EY further segmented the cost centres into the various departments within the organization;
3. Interviewed with key personnel for the selected sample functions: EY interviewed several managers and directors from various functions who were responsible for completing the capitalization template for their respective group. Through this interview process, EY obtained the following information:
 - a. The role and responsibility of each individual within the department/function. This included examples of day-to-day responsibilities as well as ad-hoc tasks that would be expected from each individual within the functional unit. Please refer to the discussion below on cost drivers;
 - b. An understanding of the basis used to determine the amount of time each individual spends on capital-related tasks and document the linkage to causality. Please refer to the discussion below on cost causation linkage.
 - c. Any additional costs that are incurred within the department outside of labour-related costs and whether those costs should or should not be capitalized on the same basis as labour;
 - d. An understanding of the project life cycle, including when a project is considered to be a capital activity in relation to the life cycle; and
 - e. An understanding of any considerations made by management with regards to the hierarchy of individuals within a department when evaluating the amount of time they spend relating to capital projects. Please refer to the discussion below on cost causation linkage;
4. Assisted management by providing alternative and best practices within industry;
5. Worked collaboratively with the Company to assist in documenting an updated framework for indirect overhead capitalization for the amalgamated Company;
6. Documented US GAAP and other technical guidance as issued by the OEB;

7. Detailed observation of all significant director groups to understand the cost drivers in legacy environment in order to work with management to determine cost drivers for future state capitalization methodology;
8. Understood the policies and procedures relating to the capitalization of indirect overhead at Enbridge Inc. These policies can be found in Appendix I;
9. Obtained an understanding of the cost causation linkage. Further documentation has been included below; and
10. Examined Capital vs O&M considerations: EY worked with management to categorize activities into capital and O&M. EY relied on the following OEB and US GAAP guidance below and the EGI Capitalization Policy (See Appendix I).

VI. Accounting guidance

Whilst this list is not comprehensive in nature, as part of our study, the following guidance was considered:

“Ontario Energy Board: Uniform system of accounts for Class A gas utilities – Appendix A”

“Overhead Charged to Construction: includes engineering, supervision, administrative salaries and expenses, construction engineering and supervision, legal expenses, taxes and other similar items. The assignment of overhead costs to particular jobs or units shall be on the basis of a reasonable allocation of actual costs. The records supporting the entries for overhead charged to construction costs shall be maintained so as to show the total amount for each element of overhead for the year and the basis of allocation.”

US GAAP

ASC 360–10: *“Property, plant and equipment should be recorded at historical cost, which includes the costs incurred for activities to bring them to the condition and location necessary for their intended use. Interest costs incurred during the period the assets are brought to that condition and location are also included in the historical cost of acquiring the asset, if material.”*

ASC 980-340: *“25-1 Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An entity shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:*

a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.

b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator’s intent clearly be to permit recovery of the previously incurred cost.

A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date.”

Based on the accounting guidance above, the OEB allows for the capitalization of overhead. Further, US GAAP calls for the capitalization of all costs *incurred for activities to bring assets to the condition and location necessary for their intended use*. The guidance as per the regulatory standard (ASC 980) further allows for any costs to be included as long as future recovery through rate base is probable.

VII. Cost causality

Cost causality is the relationship between the cost incurred and capital activity. For clarity, it would be expected that a cost driver used by management would be the most appropriate to determine the linkage with capital activity.

As part of assisting management in documenting an updated cost capitalization framework, EY observed the various mechanisms management intends to use to capitalize indirect overhead. EY conducted several interviews with various areas of the business to better understand cost causality.

Capital spend (geographical regions) – As noted earlier, the seven operational regions within EGI will capitalize overhead based on a direct capital spend ratio. This ratio has been determined by management to be the best indicator of cost causality for the indirect overhead costs relating to operations, as it represents the actual allocation of labour and materials resources by the Company to capital versus O&M projects. As a result, management asserts that the operations support groups who indirectly support the direct projects allocate their resources based on the same breakdown of capital versus O&M. Through discussion with management and observations based on our understanding of the business and other industry participants, this approach is a consistent way to allocate overhead costs for support services closely linked to active projects.

Time analysis (labour) – Several director groups across the Company will be capitalizing overhead based on a time analysis completed by their respective manager groups. These groups will use a labour cost driver (otherwise referred to as a time analysis) as the basis of determining the percentage of time an individual spends on capital activity. Management has determined that labour hours are the most appropriate cost driver in these situations as the time spent on performing capital work would be most reflective of the amount of effort involved in relation to capital activity. Through our understanding of best practices and interviews held with divisional managers, EY observed that the templates completed by the respective groups are segmented by the nature of the activity performed, which can then further be aligned to capital and O&M activities. EY observed that the hierarchy of an individual has been incorporated in the assessment of the individual departments and functional units. Therefore, an individual who is of a more senior rank would have a lower capitalization rate than an individual who is closer to the capital activity.

Shared service rates – Shared services are administrative groups within the Company (or at an EI level) that inherently support all capital and O&M projects in various ways. The determination of an overhead rate for these groups is determined based on the capital activity associated with the seven operational regions of the Company as well as indirect overhead for business costs allocated at the director level, supported by the shared services groups. As a result, based on a review of industry best practices and the fact that shared services support the Company as a whole, management asserts that a weighted average rate for administrative groups is the most appropriate method.

Burdening (HR Benefits) – One of the most evident forms of cost causality can be noted within human resources benefits. When an employee spends an hour working on a capital project, then that portion of that employee's pension and benefits costs are incurred as a result of that capital project. At EGI, this is the case as overhead costs incurred via the cost of employee benefits are caused by the fact that the employees, whether direct or indirect labour, are working to support various projects within EGI. Therefore, management has determined that a loadings rate will be used in order to charge the capital of HR benefits to capital projects that the employees are working on.

VIII. Industry best practices

As part of the overhead capitalization study, EY reviewed best practices through our understanding and discussions with peers in the industry. Several areas of importance were identified and have been listed below:

Direct to capital – One of the primary areas of focus involves the importance of tracking actual costs to projects. Rather than applying an estimated overhead rate, being able to directly charge to a capital project eliminates the estimation and provides the most accurate and reliable information. As companies continue to find ways to increase direct costing, this continues to be a leading practice. Management’s proposed framework has introduced loadings for all employees who are currently charging direct to capital, and also indirect loadings in order to burden the costs of employees who are indirectly supporting capital projects.

Project life cycle considerations – The life cycle of a project generally dictates when costs can be capitalized to a project. Due to the fact that this can be somewhat ambiguous, it is generally best practice to start capitalization once management approval is granted for a project, after the completion of surveys/studies required to determine project viability. Through our discussions and observations, this is a benchmark followed by EGI in its capitalization policies and methodologies.

Regional and geographical considerations – Due to the amalgamation, EGI now operates over a much larger geographical area than the legacy companies. Through our observation and understanding, other industry participants have factored in the geographical area of certain functions within their business. For the purposes of clarity, if a function operates in multiple geographical areas, the overhead rate for each geographic area (albeit for the same function) may be different based in the nature of the capital activity in that function. Similarly, the proposed EGI model will incorporate geographical and regional considerations for certain operations groups in the determination of their overhead rate.

Documenting capital activity – In order to support the indirect capitalization rates, specifically in areas where the cost driver has been determined to be labour, industry participants document and annually review the calculation of such rates. Through EGI’s proposed model, the Company will join these industry participants by annually providing a template to the different business functions to link the labour-based capitalization rates to reflect the capital activity within those functions.

Allocation of indirect overhead based on capital dollars spend – An area of alternate practice amongst other companies is the determination of the cost driver. In certain instances, the capital spend of a group would better reflect the capital activity within the group rather than labour hours or another alternative measure. Through our understanding and discussions with management, EY has observed that the capital activity of departments within the operational groups is allocated based on their capital spend ratio.

When determining the overhead rate for regional operational groups, EGI allocates using the

capital spend ratio. However, when determining director-level rates for business costs, EGI allocates indirect overhead based on a time analysis completed by employees, as in management's view this allows for a more accurate rate.

Annual or bi-annual road shows – There is a growing trend in the industry to have road shows run by internal leadership to focus on key finance issues. Given the amalgamation and proposed changes in the capitalization framework, management may find it useful to communicate capitalization rate and method updated throughout the business using this approach.

IX. Findings and observations

The harmonized capitalization methodology that will be used by EGI includes an assessment of cost driver analysis and basis for allocation via management's completion of the templates, and the related causality to capital projects. Based on our observations, the application of this harmonized model considers the applicable accounting framework and the enterprise wide capitalization policy. In addition, interviews conducted with managers and staff provide management with an understanding of capital activity, to allow for an allocation based on an expected time analysis.

Appendix I – EGI Capitalization policy



EGI Enterprise Wide
Capitalization Policy.p

Appendix II – Summary of EGI Capitalization Rates

Director Group	Sub-category	Actuals Cap Rate
Marketing & Energy Conservation	N/A	0.0%
Customer Care Development	N/A	0.0%
Customer Care Operations	N/A	0.0%
Large Volume Contracting & Policy	N/A	0.0%
VP Admin Customer Care	N/A	0.0%
Energy Services - Director	N/A	0.0%
Gas Control & Management	N/A	0.0%
Gas Supply.	N/A	0.0%
S&T Joint Ventures	N/A	0.0%
VP Admin-Energy Services	N/A	0.0%
VP Admin Operations	VP Admin Operations - Synergy	0.0%
Business Development & Regulatory (excluding Market Development & Energy Conservation)	Business Development	0.0%
Business Development & Regulatory (excluding Market Development & Energy Conservation)	Regulatory Affairs	19.8%
Business Development & Regulatory (excluding Market Development & Energy Conservation)	Public Affairs & Ombudsmen	4.8%
Business Development & Regulatory (excluding Market Development & Energy Conservation)	VP Admin Bus Development	9.7%
Major Projects	N/A	100.0%
Distribution in Franchise Sales	N/A	8.3%
S&T Business Development	N/A	6.3%
Asset Management Director	N/A	57.0%
Engineering	N/A	50.8%
Integrity & IMS	Integrity	21.0%
Integrity & IMS	Integrity - Inline Inspection	0.0%
System Improvement	N/A	53.5%

Director Group	Sub-category	Actuals Cap Rate
VP Admin Engineering & Asset Management	N/A	53.1%
IMO	N/A	27.5%
Storage Operations.	Storage Operations	4.5%
Storage Operations.	Storage Operations - Excluded	0.0%
Trans & Compression - Engineering & Execution	Trans & Compression Engineering & Execution - Included	25.3%
Trans & Compression - Engineering & Execution	Trans & Compression Engineering & Execution - Excluded	0.0%
Trans & Compression Operations	N/A	4.5%
VP Admin – STO & IM	N/A	9.9%
Warehouse - SCM	N/A	100.0%
Human Resources	Pension and benefits	N/A
Human Resources	Non-Pension and benefits	19.5%
Human Resources	LUG Direct Loadings	N/A
Eastern Region Operations	Eastern Region Ops.	66.0%
Eastern Region Operations	Eastern Region Ops. - Direct O&M	0.0%
GTA East Operations	GTA East Ops.	54.7%
GTA East Operations	GTA East Ops. - Direct O&M	0.0%
GTA West/Niagara Operations	GTA West/Niagara Ops	60.4%

Director Group	Sub-category	Actuals Cap Rate
GTA West/Niagara Operations	GTA West/Niagara Ops - Direct O&M	0.0%
Northern Region Operations	Northern Region Ops	44.4%
Northern Region Operations	Northern Region Ops - Direct O&M	0.0%
Operations Support	Operations Support	49.5%
Operations Support	Operations Support - Customer Attachments	100.0%
Operations Support	Operations Support - Distribution Protection - Locates & Leak Survey	0.0%
Southeast Region Operations	Southeast Region Ops	45.2%
Southeast Region Operations	Southeast Region Ops - Direct O&M	0.0%
Southwest Region Operations	Southwest Region Ops	40.4%
Southwest Region Operations	Southwest Region Ops - Direct O&M	0.0%
Toronto Region Operations	Toronto Region Ops	70.0%
Toronto Region Operations	Toronto Region Ops - Direct O&M	0.0%
VP Admin Ops	VP Admin Ops	44.1%
EHS	N/A	19.5%
Accounting	N/A	19.5%
Business Partners	N/A	19.5%
Finance Admin	N/A	19.5%
FP&A	N/A	19.5%

Director Group	Sub-category	Actuals Cap Rate
Utility Finance Alignment	N/A	19.5%
Facilities & Workplace Services	N/A	19.5%
Supply Chain Other	N/A	19.5%

Below is a listing of Cost Centres that do not have a Director Group affiliated to them. As a result, rates are presented by Cost Centre as opposed to Director Group. These cost centres belong to shared services and O&M groups.

Cost Centre	Actuals Cap Rate
CC25263-COST TO ACHIEVE (GL)	0.0%
CC10899-Auditfees	19.5%
CC25206-AUDIT SERVICES	19.5%
CC25257-LANDS (PROJECT ACCOUNTING)	19.5%
CC25000-EXECUTIVE	19.5%
CC25228-IT GD GRAPHIC COMMUNICATION SERVICES	19.5%
CC25233-IT ISS END USER SERVICE	19.5%
CC25234-IT ISS CORE INFRASTRUCTURE	19.5%
CC25280-IT GD ADMINISTRATION	19.5%
CC25281-IT GD Data & Support Services	19.5%
CC25282-IT ES EFS	19.5%
CC25284-IT ISS Network Services	19.5%
CC25286-IT GD TECHNOLOGY PLANNING	19.5%
CC25287-IT GD BA & OAM	19.5%
CC25291-IT GD BA Capital	19.5%
CC25293-IT GD Productivity Services	19.5%
CC10990	19.5%
CC25002-LAW DEPARTMENT	19.5%
CC25005	19.5%
CC25007-CORPORATE SECRETARY	19.5%
CC25009-ETHICS & COMPLIANCE	19.5%
CC25205-RISK MANAGEMENT	19.5%
CC25207-TAX	19.5%
CC25246 - PAC EXTERNAL AFFAIRS CAN	19.5%
CCUN_21150-Energy Services - IMO CTA	0.0%
CCUN_21151-Operations -IMO CTA	0.0%
CCUN_21152-Engineering & Asset Management - IMO CTA	0.0%
CCUN_21153-Customer Care - IMO CTA	0.0%
CCUN_21154-Business Development & Regulatory -IMP CTA	0.0%
CCUN_21155-Storage Transmission & IMO - IMO CTA	0.0%
CCUN_20798-O&M Affiliate Revenue : Corporate	19.5%
CCUN_22738-CTL:OM	19.5%

Cost Centre	Actuals Cap Rate
CCUN_22758-CTL:OH	19.5%
CCUN_22789-AUDIT:OM	19.5%
CCUN_22106-DEGT - Env Health & Safety - OM	19.5%
CCUN_22124-Environment	19.5%
CCUN_22196-DEGT - Env Health & Safety S&R - OM	19.5%
CCUN_20398-FI:Credit OM	19.5%
CCUN_20399-FI:Credit OH	19.5%
CCUN_20410-Senior Mgmt - President	19.5%
CCUN_20480-Senior Mgmt - Overhead Capitalized	19.5%
CCUN_22150-IT Enterprise Projects OH	19.5%
CCUN_22701-IT:OM	19.5%
CCUN_22739-IT:OH	19.5%
CCUN_22763-DCAN:IM:OM	19.5%
CCUN_22765-IM:OH	19.5%
CCUN_22776-ITI:OM	19.5%
CCUN_22777-ITI:OH	19.5%
CCUN_22791-IT Enterprise Projects O&M	19.5%
CCUN_22792-SE:ITI:OM	19.5%
CCUN_22793-SE:ITI:OH	19.5%
CCUN_22811-Gas Supply - Tech Support	19.5%
CCUN_22821-Gas Supply - Tech Support	19.5%
CCUN_23776-ITI Client Services OM	19.5%
CCUN_23777-ITI Client Services OH	19.5%
CCUN_24776-ITI Core Infrastructure OM	19.5%
CCUN_24777-ITI Core Infrastructure OH	19.5%
CCUN_22512-Insurance Services - OM	19.5%
CCUN_22513-Insurance Services - OH	19.5%
CCUN_22510-Legal Services - OM	19.5%
CCUN_22511-Legal Services - OH	19.5%
CCUN_20684-AP - Capitalization	19.5%
CCUN_22324-A/P - Administration - Admin	19.5%
CCUN_20303-FBS - Taxation - Admin	19.5%
CCUN_20713-Government & Indigenous Affairs - OH	19.5%
CCUN_22938-MCC VP,SS O&M cost centre	19.5%
CCUN_22948-Government Relations	19.5%
CCUN_22951-Government Affairs	19.5%

ENBRIDGE GAS INC.

Undertaking Response to EP

To advise whether or not the variance between what's collected from customers through ICM unit rates or in other words revenues versus the project actual cost, if that variance plays into earnings sharing calculation or not.

Response:

As articulated within the accounting orders (for the EGD and Union Rate Zones), the purpose of the Incremental Capital Module (ICM) Deferral Accounts is to record the difference between the actual revenue requirements for approved ICM projects and the actual revenues collected through Board approved ICM rates (on a project-by-project basis).

The actual costs, and corresponding revenue requirement, of approved ICM projects¹ which have been placed into service, and the actual revenues recovered through ICM unit rates, are included within the utility financial results that underpin the earnings sharing calculation.

However, to the extent that actual ICM revenues are greater or less than the actual revenue requirement of approved ICM projects, an entry is made to either decrease (debit) or increase (credit) revenues, with an offsetting payable (credit) or receivable (debit) recognized in the ICM Deferral Account.

This entry is also reflected in the utility results that underpin the earnings sharing calculation, such that within the earnings sharing calculation, actual ICM unit rate revenues equal the actual ICM project revenue requirements, and as a result the ICM projects do not contribute to over or under earnings. In other words, as a result of deferral account treatment, actual ICM project capital additions generate allowed ROE's, and do not contribute to over or under earnings.

¹ As noted in the OEB Decision in the 2019 Rates proceeding (EB-2018-0305, Decision and Order, dated, September 12, 2019, p.32) and the 2020 Rates proceeding (EB-2019-0194, Decision and Order, dated May 14, 2020, p.13), the ICM deferral account for the ICM approved projects is only relevant to underspending.

ENBRIDGE GAS INC.

Undertaking Response to FRPO

To provide a list of projects, the top-ten highest value projects, net present value projects, and the top-ten highest negative value projects that are in the 2021 program spends, subject to the provisos mentioned.

Response:

The Present Value is calculated in C55, whether a Value Assessment is completed or not. If there is no Value Assessment for the Investment then the Present Value includes only the cost of the project.

As noted in the AMP (Exhibit C, Tab 2, Schedule 1), Interrogatory Responses, and the Technical Conference a significant portion of the investments in the AMP do not have a Value Assessment associated with them. Investments are considered mandatory if they meet one or more of the criteria below (AMP, p. 252).

Initiatives identified as mandatory were justified, based on:

- Compliance requirements
- Exceeding a risk limit within EGI's intolerable risk region or Very High risks on the Enbridge Risk Matrix (Figure 4.1-7)
- Third-party relocation driven
- Program work with sufficient history and risk to warrant continuation
- Projects that meet the economic feasibility tests in EBO 188 and EBO 134
- Investments that were already executing with costs continuing into 2021-2025

In addition to this (again noted in AMP, Interrogatory Responses and Technical Conference) Enbridge Gas experienced difficulties in completing all of the Value Assessments as a result of the pandemic. This was particularly true in the Union Gas Rate Zone.

Further, because the C55 tool was new, and practices in the legacy Union Gas and Enbridge Gas Distribution companies had differed, there were some cases where Value Assessments were completed for Investments where they were not mandated because they met one of the criteria above.

Table 1 and Table 2 below shows the Investments over \$1 million with the highest and lowest Value (including and excluding the costs of the project). The information is shown in Table 1 and Table 2 for the EGD Rate Zone and UG Rate Zone respectively.

EGD Rate Zone	Top 10			Bottom 10		
Value (Including Costs)	Investment Name	Total Investment Value - Value Units - All Years	Total Investment Value Net of Cost - Value Units - All Years	Investment Name	Total Investment Value - Value Units - All Years	Total Investment Value Net of Cost - Value Units - All Years
	Operation Digital	10,339	13,335	VPM - Erin Township	(7,694)	314
	SCOR:60007-Fdn Blk-Replace	3,515	5,348	KEELE AND FINCH FEEDER	(5,867)	34
	Kipling Lake Shore - Phase 1	3,005	4,878	A60: Sparks St, Ottawa, Replacement	(4,739)	2,658
	2061 Bridletowne Cir & 91 L'Amoreaux Steel Heade	2,076	3,010	New Mechanical Services Building	(4,569)	3,179
	PMKC:TKC68H New HWell	1,835	3,650	PIPE-INRE-19 BRADFORD ST	(4,386)	168
	VPC-Link and stairwells	1,468	2,759	Black Creek Rd and River Trail, Fort Erie - VPM Aldyl	(3,909)	38
	Lindsay Replacement Project	500	2,260	BAYVIEW FEEDER	(3,869)	63
	SCOR:60004 iBalance-Upgrade	109	1,159	Almonte Reinforcement - Phase 2	(3,539)	-
	2021 Blanket for Building Systems	(197)	1,497	PARKWAY GATE	(2,626)	610
	Parliament & Winchester Station Replacement	(339)	790	LEG Rate Zone Targeted GHG & Energy Reductions	(1,686)	2
Value (Excluding Costs)	Investment Name	Total Investment Value Net of Cost - Value Units - All Years	Total Investment Value - Value Units - All Years	Investment Name	Total Investment Value Net of Cost - Value Units - All Years	Total Investment Value - Value Units - All Years
	Operation Digital	13,335	10,339	Almonte Reinforcement - Phase 2	-	(3,539)
	SCOR:60007-Fdn Blk-Replace	5,348	3,515	LEG Rate Zone Targeted GHG & Energy Reductions	2	(1,686)
	Kipling Lake Shore - Phase 1	4,878	3,005	KEELE AND FINCH FEEDER	34	(5,867)
	PMKC:TKC68H New HWell	3,650	1,835	Black Creek Rd and River Trail, Fort Erie - VPM Aldyl-A N	38	(3,909)
	New Mechanical Services Building	3,179	(4,569)	BAYVIEW FEEDER	63	(3,869)
	2061 Bridletowne Cir & 91 L'Amoreaux Steel Header Re	3,010	2,076	VSM - South Pelham and Sumbler Road	98	(1,019)
	Brockville Operations Centre Obsolescence	2,889	(1,225)	Limoges Reinforcement	107	(1,132)
	VPC-Link and stairwells	2,759	1,468	PIPE-INRE-19 BRADFORD ST	168	(4,386)
	A60: Sparks St, Ottawa, Replacement	2,658	(4,739)	MARTIN GROVE FEEDER	295	(1,141)
	SCOR:100MOD Hdr Valves-Replace	2,649	(558)	VPM - Erin Township	314	(7,694)

Table 1 – EGD Rate Zone

UG Rate Zone	Top 10			Bottom 10		
Value (Including Costs)	Investment Name	Total Investment Value - Value Units - All Years	Total Investment Value Net of Cost - Value Units - All Years	Investment Name	Total Investment Value - Value Units - All Years	Total Investment Value Net of Cost - Value Units - All Years
	UG – TIS Hardware Sustainment Fund - 2021	4,873	6,961	WIND-03D-301 Leamington North Gate	(4,426)	482
	WIND: Mersea Rd 2 - Ph 1, Leamington, Replacement	(24)	960	555 Riverview Regional Operations Centre	(3,265)	2,027
	2021 North Building Systems Blanket	(138)	1,048	HAMI-BartonStLeakage Phase 4-Hamilton	(3,116)	3,543
	2021 South Building Systems Blanet	(202)	1,531	HAMI: Power Line Rd, Ancaster	(1,929)	108
	15P-101 Belton Gate & 16P-501R Medina Gate	(524)	477	50 Keil Old 2nd Floor Renovations	(1,322)	2,881
	HAMI-Argyle St S.- Caledonia	(588)	334	Dryden Operations Centre	(1,116)	2,671
	Dryden Operations Centre	(1,116)	2,671	HAMI-Argyle St S.- Caledonia	(588)	334
	50 Keil Old 2nd Floor Renovations	(1,322)	2,881	15P-101 Belton Gate & 16P-501R Medina Gate	(524)	477
	HAMI: Power Line Rd, Ancaster	(1,929)	108	2021 South Building Systems Blanet	(202)	1,531
	HAMI-BartonStLeakage Phase 4-Hamilton	(3,116)	3,543	2021 North Building Systems Blanket	(138)	1,048
Value (Excluding Costs)	Investment Name	Total Investment Value Net of Cost - Value Units - All Years	Total Investment Value - Value Units - All Years	Investment Name	Total Investment Value Net of Cost - Value Units - All Years	Total Investment Value - Value Units - All Years
	UG – TIS Hardware Sustainment Fund - 2021	6,961	4,873	HAMI: Power Line Rd, Ancaster	108	(1,929)
	HAMI-BartonStLeakage Phase 4-Hamilton	3,543	(3,116)	HAMI-Argyle St S.- Caledonia	334	(588)
	50 Keil Old 2nd Floor Renovations	2,881	(1,322)	15P-101 Belton Gate & 16P-501R Medina Gate	477	(524)
	Dryden Operations Centre	2,671	(1,116)	WIND-03D-301 Leamington North Gate	482	(4,426)
	555 Riverview Regional Operations Centre	2,027	(3,265)	WIND: Mersea Rd 2 - Ph 1, Leamington, Replacement	960	(24)
	2021 South Building Systems Blanet	1,531	(202)	2021 North Building Systems Blanket	1,048	(138)
	2021 North Building Systems Blanket	1,048	(138)	2021 South Building Systems Blanet	1,531	(202)
	WIND: Mersea Rd 2 - Ph 1, Leamington, Replacement	960	(24)	555 Riverview Regional Operations Centre	2,027	(3,265)
	WIND-03D-301 Leamington North Gate	482	(4,426)	Dryden Operations Centre	2,671	(1,116)
	15P-101 Belton Gate & 16P-501R Medina Gate	477	(524)	50 Keil Old 2nd Floor Renovations	2,881	(1,322)

Table 2 – UG Rate Zone

ENBRIDGE GAS INC.

Undertaking Response to FRPO

To explain the comment at SEC.1, Attachment 1, page 11, that the ICM threshold is higher because of a movement of general-service customers to the contract market and why that did not actually cause the threshold to go down.

Response:

The comment in SEC.1, Attachment 1, page 11 is related to the EGD rate zone. As per the ICM policy¹, one of the parameters of the ICM threshold formula is the growth factor. The growth factor for 2021 ICM threshold for the EGD rate zone has been calculated by comparing the percentage difference in annual revenues between 2019 (the most recent complete year) and 2018 as the approved base year revenues. The revenue amounts are calculated at the 2018 base year rates.

The ICM threshold in the EGD rate zone is higher due to a higher growth factor. The higher growth factor is mainly due to certain large general service customers who elected to move from a general service rate class to a contract rate class in 2019. The average consumption of this group of customers was greater than the average consumption of the rate class. As a result, combined revenues from contract rate customers and general service customers, who are subject to the average use mechanisms, is higher than what the level of combined revenues would have been prior to migration.

¹ EB-2014-0219 Report of the OEB – New Policy Options for the Funding of Capital Investments: Supplement Report, January 22, 2016, p.19.

ENBRIDGE GAS INC.

Undertaking Response to FRPO

To provide the age of the station and the driver of the work for the Leamington Gate, Waterloo Gate, and Brampton projects.

Response:

Station Name	Driver	Oldest Asset Install Date	Station Age	Rate Zone
Leamington Gate	Obsolete heaters and glycol system.	8/2/1976	45	Union
Waterloo Gate	Reliability issues related to the filter condition and heating system upgrades to meet the current station flow requirements.	4/24/1958	63	Union
Brampton Gate	Electrical system upgrades, odorant and telemetry panel replacement, heating system upgrades.	12/16/1990	31	EGD

ENBRIDGE GAS INC.

Undertaking Response to OEB STAFF

To explain in Argument in-Chief as to the change and then the relationship with the change in the indirect overheads and the capturing of the amount and the accounting policy change deferral account.

Response:

As per the undertaking, the explanation will be provided in the Argument-in-Chief which will be filed on March 1, 2021.

ENBRIDGE GAS INC.

Undertaking Response to OEB STAFF

To confirm if there is any 2021 capital expenditure for the Crowland Wells Project.

Response:

Confirmed, there are no capital expenditures for the Crowland Wells project in 2021.

ENBRIDGE GAS INC.

Undertaking Response to OEB STAFF

To confirm whether the approved cost allocation for the Windsor Line Replacement is the same as the historic cost allocation for that pipeline, or has it been changed.

Response:

The approved cost allocation of the Windsor Line Replacement ICM Project in 2020 Rates (EB-2019-0194) is different than the historic cost allocation of the Windsor Line. The approved ICM cost allocation is based on the Distribution Demand allocator whereas the historic cost allocation is based on the Other Transmission Demand allocator. A similar change in cost allocation is proposed for the London Line Replacement ICM Project for 2021 Rates in the current proceeding.