

ENERGY PROBE INTERROGATORY #5

INTERROGATORY

References: Exhibit B, Tab 4, Schedule 2, Page 1, line 26; EB-2016-0142
Exhibit I.B.EGDI.IGUA.2

Preamble: RCAM costs have increased by \$15.3 million due to centralization of IT and HR services to Enbridge Inc.

- a) Please provide details of the services involved and changes, with references to the approved Base Year RCAM SLAs.
- b) Please provide the Board-approved Base Year amounts for these services and the annual RCAM amounts and the amounts actually charged by Enbridge for 2014-2016.
- c) Please provide a Summary of the Business Case for consolidation of IT and HR, including the Cost/Benefit to EGDI and its ratepayers.
- d) Please provide extracts of any Board approvals related to the increased \$15.3 million in RCAM costs and/or to the specific IT and HR services.
- e) Enbridge has acquired Union Gas Limited from Spectra. How will the 2017/2018 arrangements for Corporate IT and HR services be modified/Updated, Specifically how will Union/EGDI proceed and what are the cost implications?

Witnesses: N. Verma
J. Yiu

RESPONSE

a)

Selected Services

<u>Services</u>	<u>Department</u>	<u>Services / Direct Charges</u>	<u>2016 IR</u>	<u>2016 Actuals</u>	<u>Variance</u>
Primary Services	IT	8. Enterprise System Program and Project Management	\$ 528,893	\$ 1,571,338	\$ 1,042,445
	IT	13. Enterprise Infrastructure Program and Project Management	\$ 571,643	\$ 6,145,826	\$ 5,574,183
	IT	15. Enterprise Infrastructure Management and Technical Support	\$ 496,478	\$ 5,392,852	\$ 4,896,374
	IT	18. Enterprise System Management and Technical Support	\$ 754,200	\$ 4,157,578	\$ 3,403,378
	HR	24. Human Resource Advice	\$ 148,353	\$ 1,193,129	\$ 1,044,776
	IT	34. Records and Information Management	\$ 862,027	\$ 2,299,041	\$ 1,437,014
	HR	43. MY HR Services	\$ 260,461	\$ 2,155,117	\$ 1,894,656
General	IT	Direct EFS Charge (Credit)	\$ (2,426,795)	\$ (6,152,935)	\$ (3,726,140)
	HR	Enbridge Stock Based Compensation Charge	\$ 10,288,631	\$ 8,750,765	\$ (1,537,866)

The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network. The IT Management Department is responsible for ensuring that the portfolio of program and project activities for Enterprise Systems and Infrastructure Shared Services is appropriately planned, administered and reported upon.

The Enterprise Infrastructure Program and Project Management service includes all activities related to managing and delivering programs and projects required to evolve and grow the technical computing infrastructure such as the wide area network.

The Enterprise Infrastructure Management and Technical Support service includes all activities related to managing day-to-day operations of the technical computing infrastructure such as the wide area network.

The Enterprise System Management and Technical Support service includes all activities related to managing day-to-day operations of all Enterprise Systems (such as Oracle eBusiness Suite, PeopleSoft, and Livelink Records Management). The IT HRIS Systems Department performs all activities related to managing the day-to-day operations of the Human Resources systems, including its ongoing enhancements.

Witnesses: N. Verma
 J. Yiu

The Human Resource Advice service provides research, expertise and support to internal initiatives. This includes support related to policy and systems development, personnel management, and adherence to regulatory and legislative requirements.

MY HR Services Department is responsible for providing the enterprise-wide administration and processes related to Payroll, Employee Benefits, Pension, Data Integrity, HR Service Center and Employee Record Administration. The MY HR Services Department supports this service by assuming responsibility for the management of all aspects of those services.

The Records and Information Management service is responsible for the overall development, maintenance and dissemination of policies, standards and guidelines for the establishment and maintenance of the Records and Information Management Program. The Records Management Department is accountable for the establishment and maintenance of Enbridge (physical and electronic) records. This includes providing strategies, policies, standards, tools, and program management including compliance monitoring to support records management requirements

b)

Board Approved Base amounts for select services 2014 to 2016

Selected Services

<u>Services</u>	<u>Department</u>	<u>Services / Direct Charges</u>	<u>2014 IR</u>	<u>2015 IR</u>	<u>2016 IR</u>
Primary Services	IT	8. Enterprise System Program and Project Management	\$ 325,384	\$ 411,115	\$ 528,893
	IT	13. Enterprise Infrastructure Program and Project Management	\$ 648,121	\$ 583,309	\$ 571,643
	IT	15. Enterprise Infrastructure Management and Technical Support	\$ 290,567	\$ 378,039	\$ 496,478
	IT	18. Enterprise System Management and Technical Support	\$ 567,390	\$ 641,021	\$ 754,200
	HR	24. Human Resource Advice	\$ 168,200	\$ 151,380	\$ 148,353
	IT	34. Records and Information Management	\$ 977,354	\$ 879,619	\$ 862,027
	HR	43. MY HR Services	\$ 295,307	\$ 265,777	\$ 260,461
General	IT	Direct EFS Charge (Credit)	\$ (2,426,795)	\$ (2,426,795)	\$ (2,426,795)
	HR	Enbridge Stock Based Compensation Charge	\$ 10,156,934	\$ 10,504,804	\$ 10,288,631

Witnesses: N. Verma
 J. Yiu

Actual RCAM amounts for select services 2014 IR, 2015 to 2016

Selected Services

Services	Department	Services / Direct Charges	2014 IR	2015 Actuals	2016 Actuals
Primary Services	IT	8. Enterprise System Program and Project Management	\$ 325,384	\$ 2,272,174	\$ 1,571,338
	IT	13. Enterprise Infrastructure Program and Project Management	\$ 648,121	\$ 4,184,303	\$ 6,145,826
	IT	15. Enterprise Infrastructure Management and Technical Support	\$ 290,567	\$ 4,535,353	\$ 5,392,852
	IT	18. Enterprise System Management and Technical Support	\$ 567,390	\$ 4,077,266	\$ 4,157,578
	HR	24. Human Resource Advice	\$ 168,200	\$ 765,909	\$ 1,193,129
	IT	34. Records and Information Management	\$ 977,354	\$ 1,178,672	\$ 2,299,041
	HR	43. MY HR Services	\$ 295,307	\$ 2,603,972	\$ 2,155,117
General	IT	Direct EFS Charge (Credit)	\$ (2,426,795)	\$ (6,152,935)	\$ (6,152,935)
	HR	Enbridge Stock Based Compensation Charge	\$ 10,156,934	\$ 9,636,747	\$ 8,750,765

- c) In an effort to reduce or eliminate duplication in IT services, systems, and support teams, Enbridge has consolidated all of its IT infrastructure services to enable sharing across the Enterprise.

The business case (EB -2015-0233) illustrates that there are financial and qualitative benefits of IT Shared Services to Enbridge Gas.

The benefits include (see response to CCC Interrogatory #5, found at Exhibit I.B.EGDI.CCC.5)

- Enhanced and improved services such as cybersecurity monitoring and alerting, disaster recovery, incident management and change management
- Enhanced agility and scalability as a result of Enbridge Gas operating within the same infrastructure as the Enterprise. Centralization will result in integrating acquisitions and divestments more swiftly and future business and development needs can be completed more efficiently and in a cost effective manner

- d) OEB has not explicitly approved the increase in these types of RCAM costs. Any increase in RCAM costs is offset with savings in IT, HR and other O&M costs. Many of the cost changes were implemented in 2015 and these cost changes were also included within the 2015 ESM calculation.
- e) The arrangements for Corporate IT and HR services that are to be modified and updated to account for the Enbridge Inc. acquisition of Spectra Energy are yet to be determined.

Witnesses: N. Verma
 J. Yiu