ENERGY PROBE INTERROGATORY #9

INTERROGATORY

Reference: Exhibit D, Tab 2, Schedule 1, Tables 2 and 6

Preamble: Embedded productivity commitments in the area of Customer Attachment capital were partially met in 2016. Customer Attachment capital was overspent by $6.7 million, reducing its savings to $17.7 million from the embedded target due to varying costs associated with the particular customer segment and the geographical mix of projects.

a) Is EGDI forecasting that the Customer Attachment productivity targets will/will be met in 2017/18? Please discuss.

b) Under the IRM Capital Productivity initiative, how are Minor Capital productivity gains/savings to be weighted relative to Major Capital cost changes such as WAMS and the GTA Reinforcement Project? Please discuss.

c) Please provide the 2016 overall Minor Capital productivity related Revenue Requirement reduction and compare this to the 2016 Revenue Requirement Impact of the WAMs overspend.

d) Please provide a projection of the net revenue requirement related to Capital and O&M savings from implementation of WAMS in the remainder of the IRM term.

RESPONSE

a) Based on a review of current initiatives and the combined experience from the first three years of the Custom IR ("CIR") term, Enbridge estimates embedded Customer Attachment productivity savings of approximately $20 million for each year of the remaining CIR term. These estimates are based on current information only and do not include unanticipated cost pressures and uncontrollable external factors. The projections are expected to partially meet the 2017 and 2018 targets of $24.6 and $26.5 million, respectively.

b) The Company's Annual Productivity Report focuses on how savings targets in O&M and capital are achieved in a given year from a combination of sustained savings from previous years and new initiatives in the given year. Savings from O&M and capital differ in that O&M savings can translate to earnings if targets are exceeded, while

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capital savings can enable the inclusion of other capital projects within the capital spend envelope. In the latter example, savings do not translate to earnings, but to the Company's ability to pursue additional capital commitments than otherwise contemplated.

Capital productivity targets were embedded for "core" capital projects or "minor" project costs. "Major" project costs for WAMS and GTA were treated separately outside of the core capital envelope. There is no "weighting" of cost savings or cost changes among these categories of capital spending.

c) Core capital savings in the amount of $34.2 million were identified in 2016 which allowed for the advancement of capital projects not otherwise planned for 2016. This did not result in any change to the 2016 revenue requirement as capital was managed within the approved capital spending amounts which already included reductions from productivity commitments. To the extent that the Company meets its capital savings targets in a given year, this may free up capital to be spent on other projects that would have otherwise been deferred.

d) The Company is not able to quantify capital and O&M savings directly related to WAMS because it is tool that the business uses to perform daily functions. The WAMS tool supports the business in making more effective decision making and will assist the business in achieving productivity within individual areas. For example, WAMS was an important tool that assisted the business in finding ways to be productive to respond to the reductions in headcount implemented in 2016.

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