

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Reinisch  
To Mr. Shepherd

REF: Tr.1, p.67

Please provide the calculation of savings.

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**Response:**

The \$111 million is the difference in Utility earnings (after-tax) between the Utilities amalgamating and operating as stand-alone entities. The \$412 million represents the cumulative, over the 10 year deferred rebasing period, after-tax impact of synergies that are forecasted to be achieved under the proposed amalgamation.

Please see table below:

<u>\$ Millions</u>	<u>2019-2028</u>	<u>Notes</u>
<b>Utility Earnings Amalco:</b>		
EGD	2,703	Page 23 of BoD package (EB 2017-0307, Exhibit C.FRPO.1, attachment 1)
UG	<u>2,264</u>	Page 23 of BoD package (EB 2017-0307, Exhibit C.FRPO.1, attachment 1)
	4,966	
<u>After tax synergies</u>	<u>412</u>	Page 23 of BoD package (EB 2017-0307, Exhibit C.FRPO.1, attachment 1)
<b>Total Amalco Utility Earnings after synergies</b>	<b>5,378 A</b>	
<b>Utility Earnings Standalone:</b>		
EGD	2,851	
UG	<u>2,417</u>	
<b>Total Utility Earnings standalone</b>	<b>5,267 B</b>	
<b>Utility Earnings Amalco vs Standalone</b>	<b>111 A-B</b>	Page 9 of BoD package (EB 2017-0307, Exhibit C.FRPO.1, attachment 1)

Because the stand-alone earnings represent annual earnings at the allowed rate of return, and the Amalco earnings reflect earnings on average 20 bps above allowed return on equity, the \$111 million represents cumulative earnings above allowed ROE.

If after-tax synergies fall below \$301M cumulative, the average earnings will drop below forecasted allowed ROE.