

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Mr. Shepherd

REF: Tr.2, p.18

To advise whether it would, in your view, be consistent with the understanding between Chatham-Kent and the company to impose conditions concerning Amalco's continued presence in Chatham-Kent, but only to the extent they do not create inefficiencies.

In the Applicants' view, the direction and decisions that Amalco will make during the deferred rebasing period will be based on delivering sustained efficiency improvements, which is the underlying premise supporting the amalgamation. As such, the Applicants do not believe that it is necessary to add conditions related to inefficiencies in respect of Amalco's continued presence in Chatham-Kent. The Applicants would not have contemplated any commitments that would in any way result in inefficiencies.

During the exchange that led up to this undertaking there was discussion with certain parties and the Board of the proposed condition of approval as shown in the response to Board Staff Interrogatory #12 found at Exhibit C.STAFF.12 containing the word "may", rather than "shall". The Applicants suggest the following updated wording for the condition listed as number 2 in the list below in order to address that concern (changes in bold):

1. Amalco shall ensure that during the deferred rebasing period that any employment impacts resulting from the amalgamation will be managed on an roughly proportionate basis between the Municipality of Chatham-Kent and the City of Toronto;
2. **To the extent that** Centres of Excellence **are** created in either the Municipality of Chatham-Kent or the City of the Toronto, the Centres of Excellence shall reflect a range of skills and compensation levels, including leadership roles;
3. Employment within the Municipality shall reflect a mixture of entry, middle and senior level roles; and
4. Amalco will commit to a process of regular communication and engagement with the Municipality of Chatham-Kent in respect of the amalgamation and its related impacts and opportunities.