

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Mr. Brett

REF: Tr.1, p.145

To respond to BOMA 23.

Response:

The attached analysis presents a simple mathematical calculation which discounts both forecasted capital spend and O&M savings during the deferred rebasing period. The discount rate used is 3.5% as requested in the response to BOMA Interrogatory #23(a) found at Exhibit C.BOMA.23.

What this simplistic approach doesn't address is the timing differences between the year of capital spend and the year(s) that the associated O&M benefits are realized. For example, in 2021, the discounted capital spend amount of \$48 million will generate O&M savings in 2022 and beyond. The discounted O&M savings in 2021 of \$57 million is related to capital spend made in years prior to 2021.