

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
Board Staff (STAFF)

Reference: USP - Exhibit C1/Tab 1/ Schedule 1/ pgs. 12-14

Question:

Each year Enbridge Gas completes an annual budget and multi-year Long Range Planning (LRP) process. Prior to 2019, the process was completed separately for Enbridge Gas Distribution and Union Gas. Starting in 2019, the process will be completed for Enbridge Gas as a whole.

The demand forecast is the starting point for the budget and LRP process, and includes a detailed customer and volume forecast. The demand forecast provides inputs into the four main components of the company's financial budget and LRP process (1. Distribution Revenue, 2. Storage and Transportation Revenue, 3. Operating and Maintenance Costs, and 4. Capital Investment). Figure 2 on page 14 provides a process map for the budget and LRP process. The four major components of the process are well defined in the filing but the integration of those four components at the executive level drives the questions below.

- a) Are Shared Services including Administrative and General expenses and other Non-commodity Carrying system expenses allocated to the four main budget components?
- b) How are the various submissions prioritized at the Budget and LRP Consolidation step in the process? Is there a standardized numerical ranking that allows a direct comparison between each item of the four main budget components? If not, what process is used to approve or reject the various competing expenditures?

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**Response**

- a) Shared Services function expenses are budgeted as part of the overall O&M budget process. A portion of these expenses would be allocated to capital projects through the capitalized overhead process for both the EGD and Union rate zones.
- b) There is no specific ranking of the four main components of the budget process, other than in the area of Capital Investment which is prioritized/optimized based on the Asset Management planning process in place for both the EGD and Union rate zones. Please see Exhibit I.BOMA.22 for the prioritization/optimization process.

The consolidated budget is reviewed by the Company's Senior Executive Team and adjustments are made to meet overall company objectives.