

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

Reference: AMP of Enbridge Gas Distribution and Union Gas

Question:

Enbridge Gas has provided separate comprehensive AMPs for the Enbridge Gas Distribution rate zone and Union Gas rate zones.

- a) What incremental costs did Enbridge Gas incur in developing the USP and the two AMPs submitted in this proceeding? Please segment your response into the following categories:
- I. Direct in-house Labour and Overheads
 - II. Consulting and Contractor Costs
 - III. Direct Shared Services Costs
 - IV. Indirect Costs (Admin & General, indirect Shared Services, Audit)
- b) What additional costs will Enbridge Gas incur to fully integrate the Enbridge Gas Distribution and Union Gas AMPs? Please use the same categories.
- c) What additional costs will Enbridge Gas incur to maintain and update the USP and the integrated AMP going forward? Please use the same categories.

Response

- a) Enbridge Gas is interpreting this question to mean the costs of creating the current versions of the asset management plans and the USP. Both the EGD and Union rate zones have established Asset Management systems to support the creation of an annual asset plan and provide business support. Given that these systems are already in place in 2018, creating the current versions of the Asset Management Plan and USP did not require any incremental costs. The EGD rate zone is able to provide department budgets for 2018.

However, for the Union rate zone, the function of asset management was not consolidated into one department. The costs associated with development are not collected as the work is dispersed across multiple functions in roles that are not solely allocated to the creation of the asset management plan. The costs shown

below are an estimate of the internal labour required to support the creation of the asset plan (review, meetings, writing, and prioritization analysis). The costs associated with the analysis that an Asset Class Manager conducts to understand the condition of an asset and to develop a proposed mitigation plan (capital investment) is not included as this work is not incremental to the creation of an asset management plan.

	Summary by Cost Category	EGD 2018 Actual	UG 2018 Actual
I.	Capital - Direct Project Labour	\$ 3,170,184	
	OM Labour = Overhead	\$ 761,399	\$ 563,000
	Total Direct In-House labour and Overhead	\$ 3,931,583	\$ 563,000
	Consulting	\$ 92,047	
	Contractor & Other	\$ 1,596,382	
II.	Total Consulting & Contractor	\$ 1,688,429	
	Burden	\$ 6,809	
	Corp.Overhead	\$ 62,931	
III. & IV.	Total Direct and Indirect - Shared Services	\$ 69,740	
	Total	\$ 5,689,752	\$ 563,000

b-c) Enbridge Gas is currently in the process of developing the plan and corresponding costs for the integrated Asset Management Plan. The additional project cost is estimated to be \$0.5 million to \$1 million per year in 2019 and 2020.