

2017 CUSTOMER ADDITIONS

Customer Additions

1. The 2017 Forecast of customer additions, 2016 Board-Approved Budget of customer additions as filed in Enbridge's 2016 Rate Adjustment application at EB-2015-0114, and 2015 Actual customer additions are outlined in Table 1. The 2017 Forecast projects a decrease in 2017 customer additions relative to 2015 Actual and 2016 Budget.
2. The 2017 customer additions forecast was developed using a number of sources including information gathered through direct contact with builders, developers, and municipalities as well as economic indicators such as housing starts, GDP growth, employment, and mortgage rates. The approach used to develop the forecast is consistent with the approach used by the Company in previous rate applications, and has been accepted in settlement proposals and Board decisions.

Residential Customers

3. The residential sector is comprised of the New Construction ("NC") and replacement markets and accounts for over 90% of the Company's customer additions forecast. Residential NC consists of new homes in new developments while the replacement market is comprised of customers in existing homes that switch to natural gas from other energy sources. Relative to 2015, growth in the NC market is projected to increase in 2016 followed by a slight decline in 2017. The 2017 forecast is in line with the recent trends and activities in the builder markets. Customer growth in the replacement sector is expected to stay positive, driven by the price advantage of natural gas relative to alternative fuels such as electricity, propane and heating oil.

Compared to previous forecasts and the actual additions in 2015, overall growth in the replacement sector is expected to slightly decline.

Commercial Customers

4. Economic stability in Ontario is expected to encourage investments in the commercial sector with moderate growth projected in both the commercial and apartment traditional segments. Commercial sector growth in 2017 is expected to be stronger than 2015 and slightly weaker than the 2016 Board-Approved Budget.

Industrial Customers

5. The growth expected in the industrial sector is higher than both the 2016 Budget and 2015 Actual. The Company is forecasting to add eight industrial customers in 2017.

Table 1: Gross Customer Additions

Item No.	Sector	Col. 1	Col. 2	Col. 3
		2015 Actual	2016 Budget Board Approved	2017 Forecast
<u>Residential¹</u>				
1.1	New Construction	23,522	24,346	23,050
1.2	Replacement ²	5,822	6,956	5,767
1.0	Total Residential	<u>29,344</u>	<u>31,302</u>	<u>28,817</u>
<u>Commercial³</u>				
2.1	New Construction	1,460	1,941	1,840
2.2	Replacement	725	753	632
2.0	Total Commercial	<u>2,185</u>	<u>2,694</u>	<u>2,472</u>
<u>Industrial</u>				
3.1	New Construction	1	6	8
3.2	Replacement	3	0	0
3.0	Total Industrial	<u>4</u>	<u>6</u>	<u>8</u>
4.0	Total Gross Customer Additions	<u><u>31,533</u></u>	<u><u>34,002</u></u>	<u><u>31,297</u></u>

¹ Residential customers include single homes and apartment ensuites

² Replacement customers are existing homes and businesses, which switch from other energy sources to natural gas

³ Commercial customers include commercial and traditional apartment buildings