2017 CUSTOMER CARE / CIS UPDATE

1. In September 2011, Enbridge Gas Distribution (“Enbridge” or the “Company”) presented to the Ontario Energy Board (the “Board”) for approval, a Settlement Agreement within the EB-2011-0226 proceeding for the establishment of Enbridge’s Customer Care and Customer Information System (“CC/CIS”) costs for the period of 2013 through 2018. On September 8, 2011 the Board approved the Settlement Agreement, a copy of which is filed at Exhibit D1, Tab 3, Schedule 2.

2. As specified in the “Terms of the Settlement” at page 11, the revenue requirement for all CIS and CC services for each particular year within the Settlement Agreement is to be determined by multiplying the forecast number of customers for that year “(which forecast will be set as part of the annual rate setting processes)” by the agreed and Board approved cost per customer as shown on page 12 of the Settlement Agreement and Line 17a of the updated Template, which is shown on page 43 of the Settlement Agreement. In addition, the amount of revenue requirement to be recovered was agreed to and approved to be smoothed into rates which would be determined annually by multiplying the forecast number of customers for that year by the smoothed revenue requirement per customer as shown on page 12 of the Settlement Agreement and Line 24 of the updated Template shown on page 43 of the Settlement Agreement. As indicated at pages 21 and 22 of the Settlement Agreement, the definition of “customer” to be used for determining the CC/CIS revenue requirement is that which is used in the Accenture Customer Care Service Agreement (which is different from the definition of “customer” used elsewhere in this Application, because Accenture includes both active and locked customers).

Witnesses: D. McIlwraith
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3. As was reflected and documented within the EB-2011-0354, EB-2012-0459, EB-2014-0276, and EB-2015-0114 proceedings, due to the distinct features of the CC/CIS Settlement Agreement it is necessary to separately display the approved revenues, costs, and resulting revenue requirement specific to CC/CIS from all other regulated utility revenues, costs, and their related revenue requirement. This is necessary to provide assurance that the levels of revenues and costs approved within the CC/CIS Settlement Agreement are appropriately reflected within Enbridge's annual rate applications and rate setting model. The separation of CC/CIS also ensures that the determination and the required rate impact associated with all other remaining Enbridge revenues and costs are not impacted by, and do not alter the CC/CIS revenue requirement amounts derived and approved as per the CC/CIS Settlement Agreement.

4. Within Enbridge's 2013 rate application, EB-2011-0354, the Company applied for and received approval for the 2013 rate making implications of the EB-2011-0226 Settlement Agreement as seen within the Final Rate Order, Appendix A, page 1.

5. Within Enbridge's 2014 to 2018 Customized Incentive Regulation rate application, EB-2012-0459, the 2014 to 2018 revenue requirements for CIS and CC services, and the corresponding smoothed revenue requirements to be recovered in rates, were revised to reflect updated customer forecasts, as per the terms of the Settlement Agreement. The 2014 rate making implications were approved, as seen within the Decision and Rate Order, Appendix A, page 1 of 40. The updated 2015 to 2018 revenue requirements for CIS and CC services and corresponding smoothed revenue requirements were included within 2015 to 2018 preliminary Allowed Revenue as placeholder amounts to be updated in rate adjustment applications for each of those years.

6. Similar to the updates performed in Enbridge's 2015 Rate Adjustment proceeding EB-2014-0276, and 2016 Rate Adjustment proceeding EB-2015-0114, this Application includes the implementation of the EB-2011-0226 Board-approved CC/CIS Settlement Agreement for 2017, and replaces the 2017 placeholder amounts presented in EB-2012-0459. Exhibit D1, Tab 3, Schedule 3 provides an updated 2017 CC/CIS Template, in which Enbridge has updated the 2017 forecast number of customers shown at Row 25, Column L, as compared to the previously updated Template filed within EB-2012-0459, at Exhibit D1, Tab 10, Schedule 3, which included a 2017 placeholder forecast number of customers. The resulting updated annual Total CIS and Customer Care costs and Allowed Revenue for 2017 are shown on Lines 26 and 27 of the updated Template. The updated 2017 costs, of $123.8 million are calculated by multiplying the Board-approved Total cost/Customer of $57.08 (updated Template, Row 17a, Column L) by Enbridge's updated forecast of "customers" for 2017, of 2,168,434 (updated Template, Row 25, Column L). The updated 2017 Allowed Revenue amount, of $126.6 million, is calculated by multiplying the Board-approved 2017 Normalized Customer Care Revenue Requirement per customer, of $58.36 (updated Template, Row 24, Column L), by the updated forecast of "customers" for 2017, again 2,168,434.

7. As a result of updating the 2017 forecast number of customers, the updated Total CIS and Customer Care costs of $123.8 million, and corresponding Allowed Revenues of $126.6 million, are each $2.0 million lower than the 2017 placeholder amounts of $125.7 million and $128.6 million. The 2017 placeholder amounts were calculated within EB-2012-0459 at Exhibit D1, Tab 10, Schedule 3, Rows 26 and 27, Column L, and utilized within the 2017 placeholder allowed revenue and deficiency determination (EB-2012-0459 Decision and Rate Order, Appendix A, page 25 of 40, Rows 20 and 22, Column 4). The reduction in the updated Total CIS

and Customer Care costs and corresponding Allowed Revenues have been incorporated into the calculation of 2017 Updated Forecast allowed revenues and deficiency, as seen within Exhibit F1, Tab 2, Schedule 1, Columns 2, 5, and 7.

8. The updated Customer Care and CIS Allowed Revenue to be recovered in 2017 rates, is an increase (deficiency) of approximately $4.2 million as compared to the 2016 approved Customer Care and CIS Allowed Revenues included in 2016 rates, or 2017 revenues at existing rates. This can be seen by comparing the updated 2017 Allowed Revenue of $126.6 million, shown in the updated Template at Exhibit D1, Tab 3, Schedule 3, Row 27, Column L, to the 2016 approved Allowed Revenue of $122.4 million, also shown in the updated Template at Exhibit D1, Tab 3, Schedule 3, Row 27, Column K. This increase is also reflected in the 2017 Updated Forecast Allowed Revenue and Deficiency calculation shown at Exhibit F1, Tab 2, Schedule 1, Row 28 (and 33), Column 7.