

BOMA INTERROGATORY #22

INTERROGATORY

Ref: Exhibit E1, Tab 3, Schedule 1, Pages 2-3

- (a) What was the term of the \$300 million debt issued in August 2016?
- (b) Please confirm that the lower actual cost of that 2016 debt issuance of 3.42% compared to forecast 4.47% (approximately \$3 million) has increased EGD's 2016 earnings by that amount, and such increase is subject to earnings sharing. If treatment is different, please explain fully.
- (c) What has been the change in the coupon rates on (i) ten year; (ii) thirty year; Canadian corporate high rated bonds (with ratings equivalent to that for EGD), if any, since August 2016 to today? What is the market's current forecast for these prices as of August 2017?

RESPONSE

- a) The August 2016 debt issuance of \$300 million was for a term of 10 years.
- b) The Company confirms that the calculation of 2016 actual utility results, and resultant earnings sharing amount, will incorporate the impact of the actual 2016 debt issuance. The Company does not confirm the quantum of the earnings impact as approximately \$3 million, as that figure appears to be derived by multiplying the actual \$300 million issuance amount by the variance in the effective rate, implying the debt was effective for the full year. Neither the actual issuance (\$300 million in August 2016), nor the forecast issuance (\$250 million in March 2016) were fully effective in 2016. The quantum of benefits is also impacted by the variance in the amount of debt issued, the variance in the timing of the issuance, and the resulting corresponding impact on short-term debt requirements.
- c) Current indicative coupon rates for 10 year Enbridge bonds are consistent with the 2.50% coupon on Enbridge's August 2016 \$300 million issuance. A summary of Canadian corporate bond issuances since August 2016 follows:

Witnesses: R. Craddock  
R. Small

<b>Date</b>	<b>Issuer</b>	<b>Rating</b>	<b>Term</b>	<b>Coupon</b>
September 8	Suncor	A(L)/A-/Baa1	10 years	3.00%
September 13	Brookfield Asset Management	A(L)/A-/Baa2	10.6 years	3.80%
October 4	Lower Mattagami	A(H)/A2	10 years	2.31%
September 7	Fortis Alberta	A(L)/A-	30 years	3.34%
September 8	Suncor	A(L)/A-/Baa1	30 years	4.34%
October 3	Gaz Metro	A/A+	30 years	3.28%

Enbridge's forecast for 2017 underlying Government of Canada Bonds based on an October 2016 survey has decreased by 30 basis points for both 10 year and 30 year bonds compared to pricing noted in Exhibit E1, Tab 3, Schedule 1.

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