

2018 CUSTOMER ADDITIONS

Customer Additions

1. The 2018 Forecast of customer additions, 2017 Board-Approved Budget of customer additions as filed in Enbridge's 2017 Rate Adjustment application at EB-2016-0215, and 2016 Actual customer additions are outlined in Table 1. The 2018 Forecast projects a slight increase in 2018 customer additions relative to 2016 Actuals and a decrease compared to the 2017 Budget.
2. The 2018 customer additions forecast was developed and informed by 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 process used by the Company and approved by the Board in previous rate applications.

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 the actual results in 2016 and 2017 Board-Approved Budget, growth in the NC market is forecasted to be flat in 2018. This forecast is in line with recent market trends and activity in builder markets.
4. 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,

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propane and heating oil. Compared to previous forecasts and the actual customer additions in 2016, overall growth in the replacement sector is expected to slightly decline. Recent declines in this segment are due to increasing construction costs relative to historical averages which require higher contribution amounts from potential replacement customers consistent with feasibility criteria prescribed by the Board in EBO 188.

Commercial Customers

5. 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 2018 is expected to be stronger than 2016 and slightly weaker than the 2017 Board-Approved Budget.

Industrial Customers

6. The growth expected in the industrial sector is higher than 2016 and slightly below the 2017 Budget. The Company is forecasting to add six industrial customers in 2017.

Table 1: Gross Customer Additions

Item No.	Sector	Col. 1	Col. 2	Col. 3
		2016 Actual	2017 Budget Board-Approved	2018 Forecast
<u>Residential¹</u>				
1.1	New Construction	24,314	23,050	24,106
1.2	Replacement ²	4,009	5,767	3,996
1.0	Total Residential	<u>28,323</u>	<u>28,817</u>	<u>28,102</u>
<u>Commercial³</u>				
2.1	New Construction	1,139	1,840	1,707
2.2	Replacement	525	632	634
2.0	Total Commercial	<u>1,664</u>	<u>2,472</u>	<u>2,341</u>
<u>Industrial</u>				
3.1	New Construction	1	8	6
3.2	Replacement	3	0	0
3.0	Total Industrial	<u>4</u>	<u>8</u>	<u>6</u>
4.0	Total Gross Customer Additions	<u>29,991</u>	<u>31,297</u>	<u>30,449</u>

1 Residential customers include single homes and apartment ensembles

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