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PENSION PLAN FOR EMPLOYEES OF ENBRIDGE GAS DISTRIBUTION INC. AND AFFILIATES

REPORT ON THE ACTUARIAL VALUATION FOR FUNDING PURPOSES AS AT DECEMBER 31, 2016

SEPTEMBER 2017

Financial Services Commission of Ontario Registration Number: 0242016
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MARSH & McLENNAN COMPANIES

Note to reader regarding actuarial valuations:

This valuation report may not be relied upon for any purpose other than those explicitly noted in the Introduction, nor may it be relied upon by any party other than the parties noted in the Introduction. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future. If maintained indefinitely, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date. The content of the report may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission. All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents; no part may be taken out of context, used or relied upon without reference to the report as a whole.

To prepare the results in this report, actuarial assumptions are used to model a single scenario from a range of possibilities for each valuation basis. The results based on that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. Different assumptions or scenarios within the range of possibilities may also be reasonable, and results based on those assumptions would be different. Furthermore, actuarial assumptions may be changed from one valuation to the next because of changes in regulatory and professional requirements, developments in case law, plan experience, changes in expectations about the future and other factors.

The valuation results shown in this report also illustrate the sensitivity to one of the key actuarial assumptions, the discount rate. We note that the results presented herein rely on many assumptions, all of which are subject to uncertainty, with a broad range of possible outcomes and the results are sensitive to all the assumptions used in the valuation.

Should the plan be wound up, the going concern funded status and solvency financial position, if different from the wind-up financial position, become irrelevant. The hypothetical wind-up financial position estimates the financial position of the plan assuming it is wound up on the valuation date. Emerging experience will affect the wind-up financial position of the plan assuming it is wound up in the future. In fact, even if the plan were wound up on the valuation date, the financial position would continue to fluctuate until the benefits are fully settled.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses.

Funding calculations reflect our understanding of the requirements of the *Pension Benefits Act* (Ontario), the Income Tax Act and related regulations that are effective as of the valuation date. Mercer is not a law firm, and the analysis presented in this report is not intended to be a legal opinion. You should consider securing the advice of legal counsel with respect to any legal matters related to this report.

APPENDIX B

Plan Assets

The pension fund is held by CIBC Mellon. In preparing this report, we have relied upon the auditors' report signed by Price Waterhouse Coopers LLP. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Reconciliation of Market Value of Plan Assets[8]

The pension fund transactions since the last valuation are summarized in the following table:

	2016	2015	2014
January 1	$943,814,000	$932,485,000	$837,980,000
PLUS			
Members' contributions	$0	$0	$0
Company's contributions	$0	$0	$41,001,000
Investment Income	$73,876,000	$57,309,000	$96,669,000
	$73,876,000	$57,309,000	$137,670,000
LESS			
Pensions paid	$41,096,000	$38,342,000	$36,288,000
Lump-sums paid	$5,450,000	$3,236,000	$1,930,000
Administration and investment fees	$5,635,000	$4,402,000	$4,947,000
	$52,181,000	$45,980,000	$43,165,000
December 31	$965,509,000	$943,814,000	$932,485,000
Gross rate of return[9]	8.05%	6.29%	11.55%
Rate of return net of expenses[10]	7.41%	5.81%	10.93%

We have tested the pensions paid, the lump-sums paid, and the contributions for consistency with the membership data for the Plan members who have received benefits. The results of these tests were satisfactory.

[8] In-transit amounts are included in the beginning and ending values in accordance with the audited statements. The DB component assets are included in this section and the DC component assets are included in Section 3.

[9] Assuming mid-period cash flows.

[10] Assuming mid-period cash flows.

Investment Policy

The plan administrator has adopted an amended statement of investment policy and procedures. The amended policy was approved in August 2017. This policy is intended to provide guidelines for the manager(s) as to the level of risk that is consistent with the Plan's investment objectives. A significant component of this investment policy is the asset mix.

The plan administrator is solely responsible for selecting the Plan's investment policies, asset allocations and individual investments.

The constraints on the asset mix based on the amended statement of investment policy and procedures are provided for information purposes:

	Investment Policy – Amended as of August 2017		
	Minimum	**Target**	**Maximum**
Canadian equities	7.0%	10.0%	13.0%
Foreign equities	21.0%	30.0%	39.0%
Fixed income – universe	14.0%	20.0%	26.0%
Fixed income – real return	7.0%	10.0%	13.0%
Infrastructure	4.0%	9.0%	14.0%
Real estate	4.0%	9.0%	14.0%
Private equity	0%	6.0%	9.0%
Private debt	0%	6.0%	9.0%
Cash and cash equivalents	0.0%	0.0%	3.0%
		100%	

It is our understanding that the plan assets are transitioning to the target asset mix as new strategies are implemented and new managers are selected.

The constraints of the prior investment policy and the actual asset mix at the valuation date are provided below for informational purposes:

	Investment Policy			Actual Asset Mix as at
	Minimum	**Target**	**Maximum**	**December 31, 2016**
Canadian equities	18.0%	21.0%	24.0%	21.5%
Foreign equities	17.0%	23.5%	30.0%	25.9%
Fixed income – universe	24.0%	30.0%	36.0%	27.3%
Fixed income – real return	7.0%	10.0%	13.0%	7.8%
Infrastructure	5.0%	9.0%	13.0%	9.4%
Real estate	3.0%	6.5%	10.0%	7.2%
Cash and cash equivalents	0.0%	0.0%	3.0%	0.9%
		100%		100%

Because of the mismatch between the Plan's assets (which are invested in accordance with the above investment policy) and the Plan's liabilities (which tend to behave like long bonds) the Plan's financial position will fluctuate over time. These fluctuations could be significant and could cause the Plan to become underfunded, or overfunded even if the Company contributes to the Plan based on the funding requirements presented in this report.

APPENDIX C

Methods and Assumptions – Going Concern

Valuation of Assets

For this valuation, we have used the market value of assets adjusted for in-transit amounts.

Going Concern Funding Target

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going concern valuation, we have continued to use the projected unit credit actuarial cost method. Under this method, we determine the present value of benefit cash flows expected to be paid in respect of service accrued prior to the valuation date, based on projected final average earnings. This is referred to as the funding target.

The funding excess or funding shortfall, as the case may be, is the difference between the market or smoothed value of assets and the funding target. A funding excess on a market value basis indicates that the current market value of assets and expected investment earnings are expected to be sufficient to meet the cash flows in respect of benefits accrued to the valuation date as well as expected expenses – assuming the plan is maintained indefinitely. A funding shortfall on a market value basis indicates the opposite – that the current market value of the assets is not expected to be sufficient to meet the plan's cash flow requirements in respect of accrued benefits and absent additional contributions.

As required under the Act, a funding shortfall will be amortized over no more than 15 years through special payments. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

The actuarial cost method used for the purposes of this valuation produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial cost method provides an effective funding target for a plan that is maintained indefinitely.

Current Service Cost

The current service cost is the present value of projected benefits to be paid under the plan with respect to service expected to accrue during the period until the next valuation.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age distribution of the group remains constant.

Actuarial Assumptions – Going Concern Basis

The present value of future benefit payment cash flows is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations.

The table below shows the various assumptions used in the current valuation in comparison with those used in the previous valuation.

Assumption	Current valuation	Previous valuation
Discount rate:	5.75%	5.50%
Inflation:	2.00%	2.25%
ITA limit / YMPE increases:	2.50%	2.75%
Pensionable earnings increases:	2.50% plus age-based merit and promotion scale	3.50%
Post retirement pension increases (50%):	1.00%	1.125%
Post retirement pension increases (55%):	1.10%	1.2375%
Retirement rates:	Revised age-related table	Age-related table
Termination rates:	Revised age-related table	Age-related table
Mortality rates:	100% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv)	100% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv)
Mortality improvements:	Fully generational using CPM Improvement Scale B (CPM-B)	Fully generational using CPM Improvement Scale B (CPM-B)
Form of benefit elected upon termination:	One-third of members receive a pension from the plan and two-thirds elect a lump sum transfer	One-third of members receive a pension from the plan and two-thirds elect a lump sum transfer
Actuarial basis for benefits assumed to be settled through a lump sum:	Discount rate: 4.00% Mortality rates: CPM2014 with fully generational improvements using CPM-B	Consistent with 2011 CIA Standard
Disability rates:	None	None
Eligible spouse at retirement:	80%	80%
Spousal age difference:	Male 3 years older	Male 2 years older
DB/DC choice:	Continue in current Component	Continue in current Component

Assumption		Current valuation	Previous valuation
Pensionable bonus rate for non SME[11]:	Union	5%	5%
	Non-union	12%	12%
Bonus load:		135%	125%

The assumptions are best estimates with the exception that the discount rate includes a margin for adverse deviations, as shown below.

Age-Related Tables

Sample rates from the age-related tables are summarized in the tables below.

Age Based Merit and Promotion Scale

	Merit and Promotion	
Age	**Non-SME**	**SME**
<30	3.50%	3.75%
30 – 39	2.50%	2.75%
40 – 49	1.50%	1.75%
50 – 54	0.50%	1.25%
55+	0.50%	0.75%

[11] For SMEs, the actual target bonus is provided in the census data by member,

Termination and Retirement

Age	Termination – Male	Termination – Female	Retirement – Not eligible for unreduced retirement	Retirement – Eligible for unreduced retirement
20	5.0%	5.0%	0.0%	0.0%
25	5.0%	5.0%	0.0%	0.0%
30	5.0%	5.0%	0.0%	0.0%
35	4.6%	4.6%	0.0%	0.0%
40	3.0%	3.0%	0.0%	0.0%
45	2.5%	2.5%	0.0%	0.0%
50	1.5%	1.5%	0.0%	0.0%
55	0.0%	0.0%	5.0%	17.5%
56	0.0%	0.0%	5.0%	17.5%
57	0.0%	0.0%	5.0%	17.5%
58	0.0%	0.0%	5.0%	17.5%
59	0.0%	0.0%	5.0%	17.5%
60 – 64	0.0%	0.0%	17.5%	17.5%
65 – 69	0.0%	0.0%	50.0%	50.0%
70	0.0%	0.0%	100.0%	100.0%

Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have taken the rate of pay on December 31, 2016, and assumed that such pensionable earnings will increase at the assumed rate on April 1st each year.

Pensionable Bonuses

Since the benefits accrued by Senior Management Employees (the "SMEs") after December 31, 2007 and by non-SME members after June 30, 2001 are based on pensionable earnings plus 50% of actual bonuses received by the member, it is necessary to make an assumption about projected bonuses. For this valuation, actual bonuses for non-SME members have been estimated with an assumed target bonus rate of 12% for non-union members, and 5% for union members. For SME members, actual bonuses are assumed equal to that member's target bonus.

The projected actual bonuses described above were increased by 35% to reflect an expectation that an individual's target bonus at retirement may be higher than it is currently due to promotion, and that annual bonuses vary from year to year but only the best three out of the last five are included in the final average earnings calculation.

Rationale for Assumptions

A rationale for each of the assumptions used in the current valuation is provided below.

Discount Rate

We have discounted the expected benefit payment cash flows using the expected investment return on the market value of the fund net of fees and less a margin for adverse deviations. Other bases for discounting the expected benefit payment cash flows may be appropriate, particularly for purposes other than those specifically identified in this valuation report.

The discount rate is comprised of the following:

- Estimated returns for each major asset class consistent with market conditions on the valuation date modified to include a provision for increases in market interest rates to a level higher than current historically low levels, the expected time horizon over which benefits are expected to be paid, and the target asset mix specified in the Plan's investment policy.
- Additional returns assumed to be achievable due to active equity management equal to the fees related to active equity management. Such fees were determined by the difference between the provision for total investment expenses and the hypothetical fees that would be incurred for passive management of all assets.
- Implicit provision for investment expenses determined as the expected rate of investment expenses to be paid from the fund in the future.
- Implicit provision for non-investment expenses determined as the expected rate of non-investment expenses to be paid from the fund in the future based on recent experience and an assessment of future expectations.
- A margin for adverse deviations of 0.51%

The discount rate was developed as follows:

Assumed investment return	6.59%
Additional returns for active management	0.31%
Active management expense provision	(0.31%)
Passive investment expense provision	(0.05%)
Implicit non-investment expense provision	(0.28%)
Margin for adverse deviation	(0.51%)
Net discount rate	5.75%

Inflation

The inflation assumption is based on the mid-point of the Bank of Canada's inflation target range of between 1% and 3%.

Income Tax Act Pension Limit and Year's Maximum Pensionable Earnings

The assumption is based on historical real economic growth and the underlying inflation assumption.

Pensionable Earnings

The assumption is based on Company expectations and reflects inflation of 2% plus an allowance of 0.5% to reflect real economic growth and productivity gains in the economy and an age based allowance to reflect merit and promotion.

Post-Retirement Pension Increases

The assumption is based on the Plan formula and inflation assumption above.

Retirement Rates

Retirement rates are typically developed taking into account plan provisions and the past experience of the Plan. Accordingly, the rates of retirement have been developed as our expectation of the best-estimate rates given the Plan's provisions and Plan experience over the years 2009 to 2013. Future experience will be reviewed for consistency with these rates.

Termination Rates

Due to the size of the Plan, there is no meaningful termination experience. The assumption is based on an industry table that is consistent with our experience adjusted for plan experience over the years 2009-2013. Future experience will be reviewed for consistency with these rates.

Mortality Rates

The assumption for the mortality rates is based on the Canadian Pensioners' Mortality (CPM) study published by the Canadian Institute of Actuaries in February 2014.

Due to the size of the Plan, specific data on plan mortality experience is insufficient to determine the mortality rates. After considering plan-specific characteristics, such as the type of employment, the industry experience, pension and employment income for the plan members, and data in the CPM study, it was determined to use the CPM mortality rates from the private sector without adjustment.

There is broad consensus among actuaries and other longevity experts that mortality improvement will continue in the future, but the degree of future mortality improvement is uncertain. The Canadian Pensioners Mortality (CPM) study published by the Canadian Institute of Actuaries in February 2014 included CPM Improvement Scale B (CPM-B).

A draft report released by the Canadian Institute of Actuaries Task Force on Mortality Improvement (Task Force) in April 2017 provides an analysis of the rate of mortality improvement for the Canadian population and provides a proposed new mortality improvement scale (MI-2017) for the purpose of reflecting future mortality improvement in Canadian actuarial work. In particular, MI-2017 includes different historical improvement rates compared to CPM-B and reflects higher long-term mortality improvement rate assumptions than CPM-B. MI-2017 would generally result in higher life expectancies than CPM-B. We will review the mortality improvement scale in a future valuation, pending the release of the final Task Force report.

For the present valuation, we have continued to use the CPM-B scale without adjustment, which is a reasonable outlook for future mortality improvement.

Based on this assumption, the life expectancy of a member aged 65 at the valuation date is 21.6 years for males and 24.1 years for females.

Disability Rates

Use of a different assumption would not have a material impact on the valuation.

Form of Benefit Elected and Cost of Future Lump Sums

Due to the size of the Plan, there is no meaningful experience for the percentage of eligible plan participants that will elect to receive their benefit as a lump sum transfer from the plan. The assumption is based on our experience with similar plans and employee groups.

The cost of future lump sums will depend on the level of market interest rates at the time the lump sum is paid and any changes in the applicable actuarial standards for the determination of pension plan commuted values. The assumed cost of future lump sums is based on the average expected level of market interest rates over the period during which lump sums are expected to be paid, taking into account market conditions on the valuation date modified to include a provision for increases in market interest rates to a level higher than current historically low levels. We have also assumed that future lump sums elected by eligible plan participants will be calculated using the new mortality basis applicable under the actuarial standards since October 2015.

Eligible Spouse

The assumption is based on an experience study conducted in 2014 on the marital status of retirees in the 5 year period ending in 2013. The results of the study were also consistent with industry experience. Actual marital status used for retirees.

Spousal Age Difference

The assumption is based on recent Plan experience showing males are typically three years older than their spouse.

Defined Benefit / Defined Contribution Choice

The current service cost depends on the members' participation in the defined benefit or defined contribution component of the Plan. Since contributions are made as a percentage of pensionable earnings they automatically adjust when members change provisions.

APPENDIX D

Methods and Assumptions – Hypothetical Wind-up and Solvency

Hypothetical Wind-up Basis

The Canadian Institute of Actuaries requires actuaries to report the financial position of a pension plan on the assumption that the plan is wound up on the effective date of the valuation, with benefits determined on the assumption that the pension plan has neither a surplus nor a deficit.

To determine the actuarial liability on the hypothetical wind-up basis, we have valued those benefits that would have been paid had the Plan been wound up on the valuation date, with all members fully vested in their accrued benefits.

The Standards of Practice of the Canadian Institute of Actuaries require that the scenario upon which the hypothetical wind-up valuation is based be postulated. However, there are no benefits under the plan contingent upon the circumstances of the plan wind-up or contingent upon other factors. Therefore, it was not necessary to postulate a scenario upon which the hypothetical wind-up valuation is made. No benefits payable on plan wind-up were excluded from our calculations. The plan wind-up is assumed to occur in circumstances that maximize the actuarial liability.

To determine the solvency liability, the cost of future indexing has been excluded from solvency liability as permitted under the *Ontario Pension Benefits Act.*

Upon plan wind-up, members are given options for the method of settling their benefit entitlements. The options vary by eligibility and by province of employment, but in general, involve either a lump sum transfer or an immediate or deferred pension.

The value of benefits assumed to be settled through a lump sum transfer is based on the assumptions described in Section 3500 – *Pension Commuted Values* of the Canadian Institute of Actuaries Standards of Practice applicable for December 31, 2016.

Benefits provided as an immediate or deferred pension are assumed to be settled through the purchase of annuities based on an estimate of the cost of purchasing annuities.

However, there is limited data available to provide credible guidance on the cost of a purchase of partially indexed annuities in Canada. Furthermore, given the size of the Plan it may not be possible to settle the pensions via a single group annuity due to the limited availability of indexed and partially indexed annuities in Canada. In accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates between December 31, 2016 and December 30, 2017,* we have assumed that an appropriate proxy for estimating the cost of such purchase should be based on the yields on long-term Government of Canada Nominal Bonds and Real Return Bonds. The actual cost to settle the Plans benefits on wind-up could be materially different.

The Educational Note provides guidance on estimating the cost of annuity purchases assuming a typical group of annuitants. That is, no adjustments for sub- or super-standard mortality are considered. However, it is expected that insurers will consider plan experience and certain plan-specific characteristics when determining the mortality basis for a particular group. The Educational Note states that the actuary would be expected to make an adjustment to the regular annuity purchase assumptions where there is demonstrated substandard or super-standard mortality or where an insurer might be expected to assume so. In such cases, the actuary would be expected to make an adjustment to the mortality assumption in a manner consistent with the underlying annuity purchase basis. Given the uncertainty surrounding the actual mortality basis that would be typical of a group annuity purchase, it is reasonable to assume that there is a range of bases that can be expected not to be materially different from the actual mortality basis. Therefore, an adjustment to the regular annuity purchase assumptions would be warranted when the plan's assumed basis falls outside that range.

In this context, we have determined that no adjustment to the mortality rates used in the regular annuity purchase assumptions is required.

We have not included a provision for adverse deviation in the solvency and hypothetical wind-up valuations.

The assumptions are as follows:

Form of Benefit Settlement Elected by Member	
Lump sum:	
· Quebec members	100% of active members and deferred pensioners
· Members of other provinces	70% of active members under age 55 and 40% of active members over age 55 elect to receive their benefit entitlement in a lump sum
Annuity purchase:	All remaining members are assumed to elect to receive their benefit entitlement in the form of a deferred or immediate pension. These benefits are assumed to be settled through the purchase of deferred or immediate annuities from a life insurance company.
Basis for Benefits Assumed to be Settled through a Lump Sum	
Mortality rates:	100% of the rates of the 2014 Canadian Pensioners Mortality Table (CPM2014) with fully generational improvements using CPM Scale B
Non-indexed interest rate:	2.20% per year for 10 years, 3.50% per year thereafter
Partially-indexed (50%) interest rate:	1.60% per year for 10 years, 2.40% per year thereafter
Partially-indexed (55%) interest rate:	1.60% per year for 10 years, 2.30% per year thereafter
Basis for Benefits Assumed to be Settled through the Purchase of an Annuity	
Mortality rates:	100% of the rates of the 2014 Canadian Pensioners Mortality Table (CPM2014) with fully generational improvements using CPM Scale B
Adjustment to mortality rates:	No adjustment
Non-indexed interest rate:	3.16% per year
Partially-indexed (50%) interest rate:	1.54%
Partially-indexed (55%) interest rate:	1.37%
Retirement Age	
Maximum value:	Members are assumed to retire at the age which maximizes the value of their entitlement from the Plan based on the eligibility requirements which have been met at the valuation date
Grow-in:	The benefit entitlement and assumed retirement age of Ontario members whose age plus service equals at least 55 at the valuation date, reflect their entitlement to grow into early retirement subsidies and indexation benefits
Other Assumptions	
Special payments:	Discounted at the average interest rate of 2.94% per year
Final average earnings:	Based on actual pensionable earnings and actual pensionable bonuses over the averaging period
Family composition:	Same as for going concern valuation
Maximum pension limit:	$2,914.44 increasing at 2.06% per year for 10 years, 3.17% per year thereafter
Termination expenses:	$740,000

To determine the hypothetical wind-up position of the Plan, a provision has been made for estimated termination expenses payable from the Plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the Plan and to be charged to the Plan.

Because the settlement of all benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of a wind-up being contested.

Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

In determining the provision for termination expenses payable from the Plan's assets, we have assumed that the plan sponsor would be solvent on the wind-up date. We have also assumed, without analysis, that the Plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the Plan.

Although the termination expense assumption is a best estimate, actual fees incurred on an actual plan wind-up may differ materially from the estimates disclosed in this report.

Incremental Cost

In order to determine the incremental cost, we estimate the hypothetical wind-up liabilities at the next valuation date. We have assumed that the cost of settling benefits by way of a lump sum or purchasing annuities remains consistent with the assumptions described above. Since the projected hypothetical wind-up liabilities will depend on the membership in the Plan at the next valuation date, we must make assumptions about how the Plan membership will evolve over the period until the next valuation.

We have assumed that the Plan membership will evolve in a manner consistent with the going concern assumptions as follows:

- Members terminate, retire and die consistent with the termination, retirement and mortality rates used for the going concern valuation;
- Pensionable earnings, the ITA pension limit and the Year's Maximum Pensionable Earnings increase in accordance with the related going concern assumptions;
- Active members accrue pensionable service in accordance with the terms of the Plan; and
- To accommodate for new entrants to the Plan, we have added to the projected liability an amount equal to the liability of new entrants that have joined the Plan in prior years.

Solvency Basis

In determining the financial position of the Plan on the solvency basis, we have valued those benefits that would have been paid had the Plan been wound-up on the valuation date, with the exception of certain benefits which may be excluded, as permitted by the Act. Specifically, future cost-of-living increases on pensions in payment were excluded from our calculation of solvency liabilities.

The solvency position is determined in accordance with the requirements of the Act.

APPENDIX E

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2016, provided by the Company.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

If the data supplied are not sufficient and reliable for its intended purpose, the results of our calculation may differ significantly from the results that would be obtained with such data. Although Mercer has reviewed the suitability of the data for its intended use in accordance with accepted actuarial practice in Canada, Mercer has not verified or audited any of the data or information provided.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

At December 31, 2016 there were 12 members who were terminated in 2016 and are on salary continuance until 2018. Their statistics are shown separately in the membership data summarized below.

	31.12.2016	31.12.2013
Active and Disabled Members Accruing Defined Benefit Service (Non-SME)		
Number	2,060	2,117
Total base earnings for the following year	$174,312,200	$168,382,000
Average base earnings for the following year	$84,600	$79,500
Average years of Non-SME DB pensionable service	10.2 years	10.6 years
Average age	43.8 years	44.0 years
Active and Disabled Members Accruing Defined Benefit Service (SME)		
Number	33	39
Total base earnings for the following year	$7,060,100	$8,045,700
Average base earnings for the following year	$213,900	$206,300
Average years of Non-SME DB pensionable service	5.8 years	8.2 years
Average years of SME DB pensionable service	4.5 years	3.5 years
Average age	49.8 years	49.8 years
Suspended Defined Benefit Members Accruing Defined Contribution Service		
Number	39	55
Total base earnings for the following year	$3,580,400	$4,880,400
Average base earnings for the following year	$91,800	$88,700
Average years of Non-SME DB pensionable service	7.5 years	6.2 years
Average age	50.7 years	48.3 years
Other Suspended Defined Benefit Members (Non-SMEs)		
Number	25	24
Total base earnings for the following year	$3,101,400	$2,780,500
Average base earnings for the following year	$124,100	$115,900
Average years of Non-SME DB pensionable service	6.3 years	4.8 years
Average age	42.7 years	37.8 years
Other Suspended Defined Benefit Members (SMEs)		
Number	18	20
Total base earnings for the following year	$6,948,800	$6,308,800
Average base earnings for the following year	$386,000	$315,400
Average years of Non-SME DB pensionable service	3.5 years	3.9 years
Average years of SME DB pensionable service	1.5 years	1.3 years
Average age	51.6 years	50.7 years
Active Defined Contribution Members without Defined Benefit Service		
Number	101	156
Total base earnings for the following year	$9,048,800	$13,388,700
Average base earnings for the following year	$89,600	$85,800
Average age	42.2 years	41.4 years

	31.12.2016	31.12.2013
Suspended Defined Contribution Members without Defined Benefit Service		
Number	6	7
Total base earnings for the following year	$841,600	$838,000
Average base earnings for the following year	$140,300	$119,700
Average age	40.3 years	35.8 years
Deferred Pensioners		
Number	293	219
Total annual pension	$1,917,400	$1,012,600
Average annual pension	$6,500	$4,800
Average age	47.1 years	48.1 years
Pensioners and Survivors		
Number	1,741	1,554
Total annual lifetime pension	$40,343,300	$33,124,200
Average annual lifetime pension	$23,200	$21,300
Total annual temporary pension	$2,068,200	$2,033,600
Average annual temporary pension	$6,300	$6,700
Average age	72.4 years	72.1 years
Salary Continuance (With DB Service)		
Number	12	n/a
Total base earnings for the following year	$1,413,000	
Average base earnings for the following year	$117,700	
Average years of Non-SME DB pensionable service	18.3 years	
Average years of SME DB pensionable service	1.5 years	
Average age	56.0 years	

The membership movement in the DB and DC components of the Plan since the previous actuarial valuation is as follows:

	Active and Disabled Members Accruing DB Service	**Suspended DB Members**	**Active and Disabled Members Accruing DC Service[12]**	**Deferred Pensioners**	**Pensioners and Survivors**	**Salary Continuance**	**Total**
Total at December 31, 2013	**2156**	**99**	**163**	**219**	**1554**	**-**	**4,191**
Adjustments	(1)	-	3	6	(3)	-	5
New entrants	384	-	22	-	-	-	406
Transfers							
· Transfers from DC to SME	1	-	(1)	-	-	-	-
· Transfers from DB to DC	(3)	3	-	-	-	-	-
· Transfers from DC to DB	50	(8)	(42)	-	-	-	-
· SME transfer West to East	3	(2)	-	-	-	-	1
· SME transfer East to West	(2)	2	-	-	-	-	-
· Net to suspended status	-	-	-	-	-	-	-
· Transfer Out to EI plan	(12)	12	-	-	-	-	-
· Transfer In from EI plan	6	(3)	-	-	-	-	3
Retirements							
· DB Retirements	(207)	(6)	-	(31)	271	(27)	-
· DC Retirements	-	-	(1)	-	-	-	(1)
Terminations of employment							
· Refunds & lump sum payments	(101)	(5)	(34)	(37)	(1)	(13)	(191)
· Deferred pensions	(129)	(4)	-	137	-	(4)	-
· Non-vested	-		-	-	-	-	-
· Terminations not yet elected	-	-	-	-	-	-	-
· Salary Continuance	(48)	(5)	(3)	-	-	56	-
Deaths							
· With further entitlement	(4)	(1)	-	(1)	(47)	-	(53)
· With no further entitlement	-	-	-	-	(84)	-	(84)
· New survivors	-	-	-	-	53	-	53
Guarantee expired	-	-	-	-	(2)	-	(2)
Total at December 31, 2016	**2,093**	**82**	**107**	**293**	**1,741**	**12**	**4,328**

[12] Includes active and disabled members accruing DC service with no DB service along with suspended DC members.

The distribution of the active members by age and pensionable service as at the valuation date is summarized as follows:

Distribution of Active and Disabled Non-SME DB Members
Pensionable Base Earnings by Age Group and DB Pensionable Service

	Years of Pensionable Service								
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
20 to 24	21								21
	$65,136								$65,136
25 to 29	148	26	1						175
	$70,664	$70,966	*						$70,751
30 to 34	186	111	23						320
	$77,533	$81,172	$84,756						$79,314
35 to 39	152	83	69						304
	$81,799	$83,514	$90,392						$84,218
40 to 44	109	80	51	12	3				255
	$82,504	$85,458	$87,646	$101,634	$92,263				$85,282
45 to 49	82	73	65	20	22	9			271
	$96,688	$89,610	$95,256	$102,972	$106,603	$92,892			$95,581
50 to 54	55	56	64	21	40	75			311
	$81,390	$88,390	$83,809	$83,162	$86,682	$89,167			$85,824
55 to 59	29	41	33	21	39	46	42		251
	$87,200	$85,941	$86,306	$95,138	$87,403	$89,298	$96,122		$89,450
60 to 64	14	13	22	8	14	13	18	35	137
	$87,692	$71,745	$88,530	$80,652	$79,937	$91,910	$82,982	$84,092	$83,972
65 to 69		2	3	1		2	3	3	14
		*	$76,953	*		*	$79,190	$102,935	$86,210
70+					1				1
					*				*
Total	796	485	331	83	119	145	63	38	2,060
	$80,133	$84,068	$88,570	$93,637	$89,863	$89,315	$91,561	$85,580	$84,618

* Cells with fewer than 3 members have been suppressed in order to preserve confidentiality

Distribution of Active and Disabled SME Members
Pensionable Base Earnings by Age Group and DB Pensionable Service

	Years of Pensionable Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 +**	**Total**
20 to 24								
25 to 29								
30 to 34			1					1
			*					*
35 to 39		1						1
		*						*
40 to 44	1	1	2					4
	*	*	*					$192,437
45 to 49	3		3	2	1			9
	$214,658		$213,728	*	*			$209,121
50 to 54	6	1	2		1	1		11
	$238,093	*	*		*	*		$227,683
55 to 59	1	2		2		1		6
	*	*		*		*		$227,799
60 to 64								
65 +								
	*							*
Total	12	5	8	4	2	2		33
	$231,199	$201,950	$201,253	$190,791	*	*		$213,942

* Cells with fewer than 3 members have been suppressed in order to preserve confidentiality

Distribution of Active and Disabled DC Members
Pensionable Base Earnings by Age Group and Continuous Service

	Years of Pensionable Service								
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
25 to 29	7	4							11
	$74,988	$81,163							$77,234
30 to 34	5	12	7						24
	$74,761	$87,419	$82,419						$83,324
35 to 39	7	4	3	1					15
	$68,067	$66,658	$82,528	*					$72,802
40 to 44	1	2	11	3					17
	*	*	$105,750	$121,309					$106,297
45 to 49	3	5	11	1	4	2			26
	$124,991	$81,241	$109,311	*	$120,455	*			$105,941
50 to 54	1	6	4	2	1	10	1	1	26
	*	$109,763	$71,666	*	*	$82,438	*	*	$88,018
55 to 59	1	1	2	2	1	4	1		12
	*	*	*	*	*	$90,652	*		$83,164
60 to 64	2		1	1	1	2			7
	*		*	*	*	*			$102,941
65 to 69			2						2
			*						*
Total	27	34	41	10	7	18	2	1	140
	$83,367	$86,582	$93,713	$106,133	$99,163	$87,979	*	*	$90,209

* Cells with fewer than 3 members have been suppressed in order to preserve confidentiality

The distribution of the inactive members by age as at the valuation date is summarized as follows:

	Deferred Pensioners		Pensioners and Survivors	
Age	**Number**	**Average Pension**	**Number**	**Average Pension**
Under 45	111	$3,581	1	*
45 - 49	55	$8,233	1	*
50 - 54	59	$10,481	4	$19,812
55 - 59	42	$8,284	101	$27,784
60 - 64	21	$4,601	286	$30,407
65 - 69	2	*	352	$25,350
70 - 74			314	$23,621
75 - 79			281	$20,529
80 - 84			188	$19,871
85 - 89	1	*	140	$14,420
90 - 94			60	$12,999
95+	2	*	13	$8,057
Total	**293**	**$6,544**	**1,741**	**$23,172**

* Cells with fewer than 3 members have been suppressed in order to preserve confidentiality

APPENDIX F

Summary of Plan Provisions

Mercer has used and relied on the plan documents, including amendments and interpretations of plan provisions, supplied by Enbridge Gas Distribution Inc. If any plan provisions supplied are not accurate and complete, the results of any calculation may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and the results of estimates under each of the different interpretations could vary.

This valuation is based on the plan provisions in effect on December 31, 2016. Since the previous valuation, the Plan has not been amended.

DB Component

The following is a summary of the main provisions of the DB component of the Plan in effect on December 31, 2016. This summary is not intended as a complete description of the Plan.

Background	The Plan became effective January 1, 1971. Benefits are based on a set formula and are entirely paid for by the Company. Effective July 1, 2001, the Plan was redesigned for all active or suspended members at that date. Prior to the redesign, participants in the DB component of the Plan accrued contributory credited service. Following the redesign, all active and suspended members were required to elect to participate in either the DB component or the DC component of the Plan for future service. Participants in the DB component of the Plan accrue non-contributory or SME credited service. In the future, members who are not SMEs may switch between the DB and DC components on the January 1 following the date they achieve 40 points or 60 points. Any changes will affect service after the decision point only. Members who are SMEs must participate in the DB component of the Plan.
Eligibility for Membership	New employees become members of the Plan immediately. They may elect to participate in either the DB or DC component of the Plan. SMEs must participate in the DB component.
Vesting	All members are vested immediately upon entering the Plan.
Employee Contributions	No employee contributions are required or permitted based on the current plan provisions. Prior to July 1, 2001, employee contributions were required.
Retirement Dates	Normal Retirement Date · The normal retirement date is the first day of the month coincident with or next following the member's 65th birthday. Early Retirement Date · If a member has been in the Plan for at least two years, the member may choose to retire as early as age 55.

Normal Retirement Pension	**Contributory Service:** 2.0% of Final Five Year Average Earnings multiplied by years of contributory credited service; less 100% of the Contributory Canada Pension Plan Entitlement. **Non-Contributory Service:** 1.2% of Final Three Year Average Earnings multiplied by years of non-contributory credited service; less 50% of the Non-Contributory Canada Pension Plan Entitlement; **SME Credited Service:** 2.0% of Final Three Year Average Earnings multiplied by years of SME credited service.
Final Five Year Average Earnings	Final Five Year Average Earnings is calculated using the highest 60 consecutive months of earnings received by the member in the 120 months immediately prior to termination or retirement, including 50% of the actual bonus received for senior executive employees.
Final Three Year Average Earnings	Final Three Year Average Earnings is calculated using the highest 36 consecutive months of earnings received by the member in the 120 months immediately prior to termination or retirement, plus the sum of the highest three Pensionable Bonus payments made in the last five years divided by three. For Non-Contributory and SME Credited Service, Pensionable Bonus is defined as 50% of the sum of eligible performance bonuses.
Canada Pension Plan Entitlement	Contributory Service: One thirty-fifth of 25% of the lesser of the average earnings in the 60 months immediately preceding the date of exit and average of the YMPE in the five calendar years, including the current year, preceding the date of exit, multiplied by contributory credited service, to a maximum of 35 years. Non-Contributory Service: Calculated as if the member had reached age 65, multiplied by the ratio of the member’s non-contributory credited service after the later of January 1, 1966 or age 18, to the number of years of possible CPP coverage to age 65, recognizing the permitted dropout period of 15%, and reduced by 6% per year for every year the retirement date precedes age 65, to a maximum reduction of 30%.

Early Retirement Pension	The following benefits apply if a member retires early: · If the member has attained age 60, the pension payable is as described above in the Normal Retirement section. · If the member has 30 years of continuous Service or has attained age 60, the member is eligible for the benefits described in the previous paragraph plus, for contributory credited service, an additional benefit of a bridge pension payable to age 65 equal to 100% of the Contributory Canada Pension Plan Entitlement. · If the member has not attained age 60 the member is also eligible, for non-contributory credited service, for an additional benefit of a bridge pension payable to age 60 equal to 50% of the Non-Contributory Canada Pension Plan Entitlement. · If the member has not attained age 60 or 30 years of continuous service at retirement, an early retirement reduction of 5% per year is applicable from age 60 in respect of contributory and non-contributory credited service. For SMEs, the early retirement reduction is 3% per year for SME credited service. The reduction applies to the benefit described in the immediately preceding paragraphs including the bridge pensions.
Maximum Pension	The total annual pension payable from the Plan upon retirement, death or termination of employment cannot exceed the lesser of: · 2% of the average of the best three consecutive years of total compensation paid to the member by Enbridge; and · $2,914.44, or such other maximum as may apply from time to time indexed to the date of pension commencement, multiplied by his total credited Service and reduced for early retirement in accordance with the ITA rules.
Indexation of Pensions in Payment	On December 1 of each year a contractual cost of living increase equal to a percentage of the annual increase in the Consumer Price Index will apply to lifetime pensions in payment for at least one year. This percentage is 55% for contributory credited service and 50% for non-contributory and SME credited service. Indexation only applies to members that retire from active membership. Prior to July 1, 2001, any increases to pensions in payment were on an ad-hoc basis.

Death Benefits	**Death Before Eligible for Early Retirement** If a member dies before he is eligible for early retirement benefits, the member's spouse, or beneficiary if there is no spouse, will receive a lump sum settlement equal to 100% of the commuted value of the member's reduced accrued pension deferred to age 55, in respect of all credited service. **Death After Eligibility for Early Retirement** If a member dies after his early retirement date and before his pension payments have begun, the member's spouse, or beneficiary if there is no spouse, will receive either a lump sum settlement or an immediate pension equal in value to 100% of the commuted value of the member's reduced accrued pension, in respect of all credited service. **Death After Retirement** The death benefit payable is in accordance with the form elected. The normal form of pension is a Joint and 60% Survivor annuity for members with a spouse and a life annuity with a 15-year guarantee period for single members.
Termination Benefits	If a member's employment terminates for reasons other than death or retirement, the member is entitled to their reduced accrued pension deferred to age 55. The Member has the option to transfer the value of the benefit to a locked-in RRSP.
Disability Benefits	Disabled members are eligible to retire at age 65. For members whose disability commenced before July 1, 2001 salary is assumed to increase with the Average Industrial Wage, while for members whose disability commences after July 1, 2001 salary is assumed to increase with inflation, subject to a maximum of 5% per year, to retirement. The disabled member continues to accrue credited service while disabled.

DC Component

The following is a summary of the main provisions of the DC component of the Plan in effect on December 31, 2016. This summary is not intended as a complete description of the Plan.

Background	The DC component of the Plan became effective July 1, 2001. Employer contributions are remitted to individual member accounts and are credited with interest. Members receive the balance of their individual employer account upon termination, death or retirement.
Eligibility for Membership	New employees become members of the Plan immediately. They may elect to participate in either the DB or DC component of the Plan. SMEs must participate in the DB component.
Vesting	All members of the DC component vest immediately.
Employee Contributions	No employee contributions are required or permitted.
Employer Contributions	Employer contributions to the DC component are based on a member's points. · less than 40 points: 4.0% of pensionable earnings[13] · 40 to 60 points: 5.5% of pensionable earnings · greater than 60 points: 7.0% of pensionable earnings
Maximum Contribution	The employer contributions are limited to the amounts under the ITA.
Pensionable Earnings	Base salary plus 50% of actual bonus received.

[13] For members who were participating in the DC component of the Plan at June 30, 2001, the minimum employer contribution is 5.0% of pensionable DC earnings.

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