

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
Board Staff (STAFF)

Reference: AMP - Exhibit C1/Tab 2/ Schedule 1/ pg.19

Question:

The AMP states that the Asset Management Program considers all OEB-regulated assets, which have been grouped into nine classes: *Pipe, Stations, Storage, Customer Assets, Fleet & Equipment, Technology & Information Services (TIS), Real Estate & Workplace Services (REWS), Customer Growth, and Business Development*. Investment decisions are categorized and managed on an asset class basis, where each asset class has a unique set of objectives and life cycle management policies that guide decision-making. With an understanding of the asset inventory and the evaluation of condition and risk, resultant strategies are outlined.

From the statements in this Section (i.e. 1.6 "Asset Classes") it is not clear whether the implementation of the asset management process is consistent across the EGD asset classes (i.e. prioritization of assets among the assets classes which would be selected for monitoring as part of the asset management process may not have common basis to allow comparison).

- a) Please explain or point to a section in this document which explains the sources used to establish these EGD Asset Classes
- b) Customer Growth and Business Development are referred to as assets. Please explain how these are considered to be assets?
- c) What are the common basis on which the prioritization of investments across assets classes is achieved (e.g. system/equipment health indexing, common asset registry information, end of life criteria etc.)?

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**Response**

- a) EGD Asset Classes were defined based on categorization of EGD's regulated assets, the organizational structure managing these assets and ISO 5500x. Additional consideration was given to the grouping of like assets that performed a specific function, had similarities in operation and/or life cycle strategy and, in some

cases, were aligned by organizational function. Evidence references to where this is discussed in the EGD AMP are located in Section 4.<sup>1</sup>

- b) Customer Growth and Business Development are Asset Classes; their respective assets and lifecycle policies are described in Sections 5.1 and 5.9 of the AMP.<sup>2</sup>

The Customer Growth Asset Class represents a significant annual spend to the organization and bridges multiple asset classes. The organization made the decision that Customer Growth would be best managed as its own Asset Class. Once the assets are in service the management of the asset falls within the respective asset class such as Stations, Pipe, and Customer Asset Classes.

In the case of the Business Development Asset Class, there is a relatively small asset inventory and the decision was made to align this asset class with the organizational structure that manages the assets.

- c) Investments are optimized based on the Asset Management Principles outlined in Section 4.1.3.4 Optimize Portfolio Based on Asset Management Principles (p. 71-4). Please refer to the Asset Management Core Process steps Risk Management (Section 4.2.1 p. 79), Solution Planning (Section 4.2.2 p. 83) and Portfolio Optimization (Section 4.2.3 p. 84).

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<sup>1</sup> Exhibit C1, Tab 2, Schedule 1, page 62.

<sup>2</sup> Exhibit C1, Tab 2, Schedule 1, page 95; and page 361.