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ESTIMATED 2013 - 2017 CASH FUNDING COSTS

EGD PENSION PLANS

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Note to reader regarding actuarial valuations and projections:

This 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 projection 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 projection date.

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 the projection date to the valuation date, and 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 projection 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 projection.

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 projection date, the financial position would continue to fluctuate until the benefits are fully settled.

Because actual plan experience will differ from the assumptions used in this projection, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a projection or a valuation report.

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Introduction

Purpose

At the request of Gazifère Inc. (the “Company”), we have estimated the minimum cash funding requirements over 2013 to 2017 for:

- The Pension Plan for Employees of Enbridge Gas Distribution Inc. and Affiliates (the “RPP”) *of which Gazifère Inc. is a participating employer*;
- The Supplementary Executive Retirement Plan of Enbridge Gas Distribution Inc. and Affiliates (the “SERP”); and
- The Supplementary Senior Executive Retirement Plan of Enbridge Gas Distribution Inc. and Affiliates (the “SSERP”),

based on economic conditions at March 31, 2012. Actual cash funding requirements in respect of these years will differ from the amounts estimated here, and will be based on future economic and demographic experience. We understand this report will be provided to the Régie de l’énergie (the “Régie”) in conjunction with the Company’s application for recovery of pension costs from ratepayers.

Note that information contained in this report reflects all assets, liabilities and costs in respect of all employers participating in the RPP, except where specifically noted. Gazifère Inc. does not participate in the SERP and SSERP as Enbridge Gas Distribution Inc. is the only employer participating in these plans.

The information presented is prepared for the internal use of the Company and for filing with the Régie. This information presented is not intended or suitable for any other purpose.

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Background Information

Determination of Contribution Requirements

The RPP consists of a defined benefit ("DB") provision and a defined contribution ("DC") provision. Minimum required cash funding to the DB component is determined based on actuarial valuations filed with the Financial Services Commission of Ontario ("FSCO") and the Canada Revenue Agency ("CRA"). Valuations may be filed at the plan sponsor's discretion, but must be filed at least once every three years. For purposes of this analysis, we have assumed an actuarial valuation will be filed with the pension regulators annually over 2013 through 2017.

The SERP and SSERP are closed supplemental pension arrangements sponsored by Enbridge Gas Distribution Inc. and are relatively small compared to the RPP. Projected costs for the SERP and SSERP have been included here for completeness.

We have conducted an actuarial valuation of all three plans for management information purposes as at December 31, 2011 that was not filed with FSCO or CRA. These valuations are the basis for the projections contained herein.

Historical Funding

Due to historical plan surplus in the DB component of the RPP, DB cash contributions have not been required to the RPP for the 10 years prior to 2012. In addition, the DB surplus has been used to cover contributions to the DC component over this period. Historical costs to the DB and DC components of the RPP are summarized below.

	DB Service Cost	DC Service Cost	Total Plan Service Cost	Total Plan Contribution
2002	$8.5M	$0.5M	$9.0M	$0
2003	$8.6M	$0.7M	$9.3M	$0
2004	$8.9M	$0.8M	$9.7M	$0
2005	$9.9M	$0.8M	$10.7M	$0
2006	$12.1M	$1.1M	$13.2M	$0
2007	$14.4M	$1.3M	$15.7M	$0
2008	$15.7M	$1.4M	$17.1M	$0
2009	$14.8M	$1.4M	$16.2M	$0
2010	$14.7M	$1.4M	$16.1M	$0
2011	$16.3M	$1.4M	$17.7M	$0
Total	**$123.9M**	**$10.8M**	**$134.7M**	**$0**

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Financial Results

Financial Position at December 31, 2011 and Projected Future Financial Positions

We have projected the results of the December 31, 2011 actuarial valuations of the plans forward to each of the years ending 2012 through 2016. The purpose of these projections is to estimate minimum cash funding requirements for 2013 through 2017. **The projections are based on the economic environment as at March 31, 2012 and assumptions described in Appendix D. The actual economic environment as at each of the years ending 2012 through 2016 and actual plan experience over this period may differ significantly from these assumptions.**

For simplicity, we have excluded assets and liabilities with respect to the DC provision of the RPP in the balance sheets shown below.

Projected Going-Concern Balance Sheets

The table below details the actual going-concern financial position of the plans as at December 31, 2011, as well as the projected position of the plans at each of year-end 2012 through 2016, assuming plan experience unfolds according to the assumptions described in Appendix D.

Going-Concern Financial Position ($Millions)

	RPP	SERP	SSERP	TOTAL
12.31.2011 (Actual)				
Assets	$715.6	$15.5	$7.7	$738.8
Liabilities	$704.2	$16.8	$5.2	$726.2
Funding excess (shortfall)	$11.4	($1.3)	$2.5	$12.6
12.31.2012 (Projected)				
Assets	$758.6	$15.8	$7.5	$781.9
Liabilities	$728.7	$16.4	$4.8	$749.9
Funding excess (shortfall)	$29.9	($0.6)	$2.7	$32.0
12.31.2013 (Projected)				
Assets	$811.8	$15.7	$7.2	$834.7
Liabilities	$753.8	$16.0	$4.5	$774.3
Funding excess (shortfall)	$58.0	($0.3)	$2.7	$60.4
12.31.2014 (Projected)				
Assets	$863.1	$15.4	$6.9	$885.4
Liabilities	$779.6	$15.6	$4.0	$799.2
Funding excess (shortfall)	$83.5	($0.2)	$2.9	$86.2
12.31.2015 (Projected)				
Assets	$913.0	$15.0	$6.5	$934.5
Liabilities	$806.1	$15.1	$3.6	$824.8
Funding excess (shortfall)	$106.9	($0.1)	$2.9	$109.7
12.31.2016 (Projected)				
Assets	$962.0	$14.5	$6.1	$982.6
Liabilities	$833.3	$14.5	$3.1	$850.9
Funding excess (shortfall)	$128.7	$0.0	$3.0	$131.7

Projected Solvency Balance Sheet

The table below details the actual solvency financial position of the RPP as at December 31, 2011, as well as the projected position of the plans at each of year-end 2012 through 2016, assuming plan experience unfolds according to the assumptions described in Appendix D.

The solvency measure has historically had no impact on cash funding requirements for the SERP or SSERP, and has been excluded from this report for simplicity.

Solvency Financial Position ($Millions)

	RPP	SERP	SSERP	TOTAL
12.31.2011 (Actual)				
Assets	$715.0	n/a	n/a	n/a
Liabilities	$834.3	n/a	n/a	n/a
Solvency excess (deficiency)	($119.3)	n/a	n/a	n/a
12.31.2012 (Projected)				
Assets	$758.0	n/a	n/a	n/a
Liabilities	$853.4	n/a	n/a	n/a
Solvency excess (deficiency)	($95.4)	n/a	n/a	n/a
12.31.2013 (Projected)				
Assets	$811.2	n/a	n/a	n/a
Liabilities	$886.5	n/a	n/a	n/a
Solvency excess (deficiency)	($75.3)	n/a	n/a	n/a
12.31.2014 (Projected)				
Assets	$862.5	n/a	n/a	n/a
Liabilities	$920.8	n/a	n/a	n/a
Solvency excess (deficiency)	($58.3)	n/a	n/a	n/a
12.31.2015 (Projected)				
Assets	$912.4	n/a	n/a	n/a
Liabilities	$956.2	n/a	n/a	n/a
Solvency excess (deficiency)	($43.8)	n/a	n/a	n/a
12.31.2016 (Projected)				
Assets	$961.4	n/a	n/a	n/a
Liabilities	$992.8	n/a	n/a	n/a
Solvency excess (deficiency)	($31.4)	n/a	n/a	n/a

Summary of Minimum Required Cash Costs

Based on the projected financial positions above, the resulting minimum required cash funding for the plans over 2013 – 2017 are summarized below.

Cash Costs ($Millions)

	RPP	SERP	SSERP	TOTAL
2013 (Projected)				
DB going-concern service cost	$17.7	$0.0	$0.0	$17.7
DC service cost	$1.3	$0.0	$0.0	$1.3
Solvency amortization payments	$21.1	$0.3	$0.0	$21.4
Total minimum cash contribution	$40.1	$0.3	$0.0	$40.4
2014 (Projected)				
DB going-concern service cost	$18.3	$0.0	$0.0	$18.3
DC service cost	$1.4	$0.0	$0.0	$1.4
Solvency amortization payments	$16.6	$0.1	$0.0	$16.7
Total minimum cash contribution	$36.3	$0.1	$0.0	$36.4
2015 (Projected)				
DB going-concern service cost	$19.0	$0.0	$0.0	$19.0
DC service cost	$1.4	$0.0	$0.0	$1.4
Solvency amortization payments	$12.9	$0.1	$0.0	$13.0
Total minimum cash contribution	$33.3	$0.1	$0.0	$33.4
2016 (Projected)				
DB going-concern service cost	$19.6	$0.0	$0.0	$19.6
DC service cost	$1.5	$0.0	$0.0	$1.5
Solvency amortization payments	$9.7	$0.1	$0.0	$9.8
Total minimum cash contribution	$30.8	$0.1	$0.0	$30.9
2017 (Projected)				
DB going-concern service cost	$20.3	$0.0	$0.0	$20.3
DC service cost	$1.5	$0.0	$0.0	$1.5
Solvency amortization payments	$6.9	$0.0	$0.0	$6.9
Total minimum cash contribution	$28.7	$0.0	$0.0	$28.7

Gazifère Inc.'s Share of Funding

In addition to Gazifère Inc., two other employers participate in the RPP. The following tables provide the same results as those on page 7, but are only in respect of Gazifère Inc.'s share of costs[1] and with results not rounded.

Cash Costs – Gazifère Only

	RPP	SERP	SSERP	TOTAL
2013 (Projected)				
DB going-concern service cost	$425,047	$ -	$ -	$425,047
DC service cost	$62,988	$ -	$ -	$62,988
Solvency amortization payments	$324,685	$ -	$ -	$324,685
Total minimum cash contribution	$812,720	$ -	$ -	$812,720
2014 (Projected)				
DB going-concern service cost	$439,924	$ -	$ -	$439,924
DC service cost	$65,193	$ -	$ -	$65,193
Solvency amortization payments	$256,353	$ -	$ -	$256,353
Total minimum cash contribution	$761,470	$ -	$ -	$761,470
2015 (Projected)				
DB going-concern service cost	$455,321	$ -	$ -	$455,321
DC service cost	$67,475	$ -	$ -	$67,475
Solvency amortization payments	$198,400	$ -	$ -	$198,400
Total minimum cash contribution	$721,196	$ -	$ -	$721,196
2016 (Projected)				
DB going-concern service cost	$471,257	$ -	$ -	$471,257
DC service cost	$69,836	$ -	$ -	$69,836
Solvency amortization payments	$149,097	$ -	$ -	$149,097
Total minimum cash contribution	$690,191	$ -	$ -	$690,191
2017 (Projected)				
DB going-concern service cost	$487,751	$ -	$ -	$487,751
DC service cost	$72,281	$ -	$ -	$72,281
Solvency amortization payments	$107,001	$ -	$ -	$107,001
Total minimum cash contribution	$667,033	$ -	$ -	$667,033

[1] Note that Gazifère Inc. does not participate in the SERP and SSERP as Enbridge Gas Distribution Inc. is the only employer participating in these plans.

Important to Note

The purpose of this report is to estimate the minimum required cash contributions over 2013 through 2017. However, the occurrence and/or level of required contributions in 2013 through 2017 is highly dependent on:

- Financial market returns after March 31, 2012;
- Changes in long-term government bond yields after March 31, 2012;
- Changes to the prescribed spread used to determine solvency discount rates after March 31, 2012; and
- Actual plan demographic experience.

These items will cause actual contributions over 2013 through 2017 to differ from the estimates provided in this report.

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Actuarial Opinion

In my opinion, for the purposes of the projections,

- The membership data on which the projections are based are sufficient and reliable;
- The assumptions are appropriate; and
- The methods employed in the projections are appropriate.

This report has been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the *Pension Benefits Act (Ontario)*.

Allen Hornung
FCIA, FSA

June 18, 2012

Date

APPENDIX A

Sensitivity of Results

The estimated impact on cash costs of positive and negative “shocks” to the plan’s assets and liabilities are given in this appendix. These “shocks” are assumed to occur at the end of 2013 in all scenarios.

Amounts in this appendix reflect only Gazifère Inc.’s share of costs.

Equity markets return +/- 20% more than expected

This scenario assumes that equity markets return 20% more or less than baseline assumptions, resulting in a return over 2013 that is 12.0%[2] higher or lower than our baseline assumption of 6.37%.

Table A.1: Positive Asset Shock in 2013 (+20% equity return)

	Cash / Funding Costs – Gazifère Only	
	TOTAL CASH COST	***Δ from baseline***
2013	$812,720	-
2014	$120,148	*($641,322)*
2015	$398,766	*($322,430)*
2016	$419,247	*($270,943)*
2017	$431,965	*($235,068)*

Table A.2: Negative Asset Shock in 2013 (-20% equity return)

	Cash / Funding Costs – Gazifère Only	
	TOTAL CASH COST	***Δ from baseline***
2013	$812,720	-
2014	$1,072,403	*$310,933*
2015	$981,057	*$259,861*
2016	$907,369	*$217,178*
2017	$848,539	*$181,507*

[2] RPP assets include a 60.0% allocation to growth assets, multiplied by +/- 20% equals return adjustment of +/- 12.0%. SERP and SSERP assets include a 35% allocation to growth assets, so the adjustment for these plans is +/- 7.0%.

Yield curve shift of +/- 1%

This scenario assumes a year-end 2013 parallel shift in the yield curve which liability discount rates are based on. We have assumed this change would not impact the fixed income portion of the plan's assets. In other words, this sensitivity is intended to represent a pure liability shock (resulting from any economic or demographic experience different than expected), whereas the previous sensitivity was a pure asset shock.

Table A.3: Positive Liability Shock in 2013 (+1% shift in yield curve)

	Cash / Funding Costs – Gazifère Only	
	TOTAL CASH COST	***Δ from baseline***
2013	$812,720	-
2014	-	*($761,470)*
2015	-	*($721,196)*
2016	$106,975	*($583,216)*
2017	$475,687	*($191,346)*

Table A.4: Negative Liability Shock in 2013 (-1% shift in yield curve)

	Cash / Funding Costs – Gazifère Only	
	TOTAL CASH COST	***Δ from baseline***
2013	$812,720	-
2014	$1,248,519	*$487,049*
2015	$1,116,317	*$395,122*
2016	$1,007,221	*$317,030*
2017	$917,684	*$250,651*

APPENDIX B

Required Disclosures

Terms of Engagement

In accordance with our terms of engagement with the Company and Enbridge, our projections are based on the following material terms:

- They have been prepared in accordance with applicable pension legislation and based on methods and actuarial assumptions that are consistent with actuarial standards of practice in Canada;
- We have reflected a margin for adverse deviations in our going concern projection by reducing the going-concern discount rate by 0.62% per year; and
- We have reflected Enbridge's decisions for determining the solvency funding requirements, summarized as follows:
  - The same plan wind-up scenario was hypothesized for both hypothetical wind-up and solvency valuations;
  - Certain excludable benefits were excluded from the solvency liabilities; and
  - The solvency financial position was determined on a projected market value basis.
- We have projected assets forward from December 31, 2011 using benchmark asset returns (net of expenses) to March 31, 2012 and our best estimate of asset returns (net of expenses) after March 31, 2012. Projected future cash flows have also been incorporated.
- We have projected liabilities forward using the expected cost of benefits accruing over 2012 through 2016, reflecting interest over each period and adjusting year-end 2012 liabilities to reflect the economic environment as at March 31, 2012. Liabilities in future periods are projected forward with these same March 31, 2012 assumptions and methodology. Projected future cash flows have also been incorporated.

- The starting point for our asset projection was the market value of assets as of December 31, 2011, shown in Appendix C.

- Our calculations are based on the assumptions and methodology described in Appendix D. We have used the same going-concern valuation assumptions and methods as were used for the valuation as at December 31, 2011. The hypothetical wind-up and solvency assumptions have been updated to reflect market conditions as at March 31, 2012. Emerging experience will affect the funded position of the Plan.

- Our calculations are based on an extrapolation of a valuation performed using membership data as at December 31, 2011. The membership data used in our calculations is summarized in Appendix E.

- Our calculations reflect the provisions of the Plan as at March 31, 2012. Based on the information provided by Enbridge, no substantive amendments have been made to the Plan since that date. A summary of the plan provisions is provided in Appendix F.

Subsequent Events

The RPP is being amended effective July 1, 2012 to comply with legislative changes requiring “grow-in” benefits for Ontario members involuntarily terminated without cause. This amendment has not been reflected in this report, as the financial impact is not expected to be material. After checking with representatives of Enbridge, to the best of our knowledge there have been no other events subsequent March 31, 2012 which, in our opinion, would have a material impact on the results of the projection.

Next Required Valuation

In accordance with pension benefits legislation, the next actuarial valuation of the RPP to be filed with FSCO and CRA will be required as at a date not later than December 31, 2012, or as at the date of an earlier amendment to the Plan. Valuations of the SERP and SSERP are not required to be filed with the pension regulators.

Gain and Loss Analysis

A reconciliation of the actual going-concern financial position of the RPP between December 31, 2011 and the projected going-concern financial position at December 31, 2012 follows:

Reconciliation of financial status ($millions)	2012
Funding excess (shortfall) as at December 31, 2011	$11.4
Interest on funding excess (funding shortfall) at 5.75% per year	$0.7
DB contributions drawn from funding excess, with interest	-
DC contributions drawn from funding excess, with interest	-
Net investment return different than expected	$17.8
Funding excess (shortfall) as at December 31, 2012	$29.9

Future periods are assumed to unfold in accordance with the assumptions described in Appendix D, therefore no additional gains or losses are anticipated for purposes of this analysis.

Solvency Incremental Cost

The solvency incremental cost is an estimate of the present value of the projected change in the RPP solvency liabilities from December 31, 2011 to December 31, 2012 (before assumption changes), adjusted for benefit payments expected to be made over the period.

The estimated 2012 solvency incremental cost determined in this projection is $36.9M.

Discount Rate Sensitivity

The following table summarises the effect on the projected December 31, 2012 liabilities and 2013 current service costs of the RPP shown in this report of using a discount rate which is 1.00% lower than that used in the projection:

Scenario	Projection Basis	Reduce Discount Rate by 1%
Going-concern liabilities	$728.7	$830.7
Solvency liabilities	$853.4	$972.9
DB current service cost	$17.7	$21.1

Projected Hypothetical Wind-up Balance Sheet at December 31, 2012

The table below details the hypothetical wind-up financial position of the RPP as at December 31, 2011, as well as the projected position as at December 31, 2012.

Hypothetical Wind-up Financial Position ($Millions)	12.31.2011 (Actual)	12.31.2012 (Projected)
Assets	$715.0	$758.0
Liabilities	$937.9	$955.4
Wind-up excess (deficiency)	($222.9)	($197.4)

The assumptions and methodology used to determine the projected hypothetical wind-up balance sheet as at December 31, 2012 are described in Appendix D.

APPENDIX C

Plan Assets

The DB assets of the RPP and the invested assets of the SERP and SSERP are held in trust by CIBC Mellon. SERP and SSERP assets also include the refundable tax account held with CRA. We have relied upon the audited fund statements provided by PriceWaterhouseCoopers LLP as at December 31, 2011.

The starting point for our projections is the market value of each plan's assets as at December 31, 2011.

Investment Policy

The plans' administrator adopted a statement of investment policy and procedures, last revised in 2011. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the plans' investment objectives. A significant component of this investment policy is the asset mix.

The target asset mix as at March 31, 2012 for the RPP is provided for information purposes:

	Investment Policy – RPP		
	Minimum	**Target**	**Maximum**
Canadian equities	18%	21.0%	24%
Global equities	14%	17.0%	21%
Emerging market equities	3%	6.5%	10%
Fixed income – universe	24%	30.0%	36%
Fixed income – real return	7%	10.0%	13%
Infrastructure	5%	9.0%	13%
Real estate	3%	6.5%	10%
Cash and cash equivalents	0%	0.0%	3%
		100%	

Because of the mismatch between the RPP assets (which are invested in accordance with the above investment policy) and the liabilities (which tend to behave like long bonds) the financial position of the RPP will fluctuate over time. These fluctuations could be significant and could cause the RPP to become under, or over, funded.

APPENDIX D

Actuarial Methods and Assumptions

Actuarial Methods – Projected Going-concern Basis

Valuation of Assets

For purposes of these estimates, we have projected the market value of RPP DB assets at December 31, 2011 using benchmark asset returns (net of all expenses) of 3.88% from January 1, 2012 to March 31, 2012, and our best estimate of asset returns (net of all expenses) of 4.78% from April 1, 2012 to December 31, 2012. Therefore, the annual rate of return over 2012 for the RPP (net of all expenses) assumed in our projection is 8.66%. The assumed annual rate of return over 2012 in respect of the SERP and SSERP was one half of this amount, or 4.33%.

Asset returns after December 31, 2012 are assumed to be 6.37% per year for the RPP, and 3.63% per year for the SERP and SSERP. These assumptions were provided to us by Management.

Estimated future cash flows have been incorporated into our projections.

Actual assets over year-end 2012 through 2016 will differ from these estimates.

Valuation of Actuarial Liabilities and Current Service Cost

For purposes of these estimates, we have continued to use the projected unit credit actuarial cost method for the valuation of actuarial liabilities and current service cost of the plans. 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.

There is no current service cost in respect of the SERP or SSERP.

Actuarial Assumptions – Projected Going-Concern Basis

The present value of future benefit payment cash flows at each projected year-end 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.

For purposes of this projection, we have used the same going-concern valuation assumptions as were used for the December 31, 2011 valuation of the plans, summarized on the following page.

Assumption	Current Valuation
Discount rate – RPP:	5.75%
Discount rate – SERP/SSERP:	3.63%
Inflation:	2.25%
ITA limit / YMPE Increases:	2.75%
Pensionable Earnings Increases:	3.50%
Post retirement Pension Increases:	1.125%
Retirement Rates:	Age related table
Termination Rates:	Age related table
Mortality Rates:	100% of the rates of the 1994 Uninsured Pensioner Mortality Table
Mortality Improvements:	Fully generational using Scale AA
Disability Rates:	None
Eligible Spouse at Retirement:	80%
Spousal Age Difference:	Male two years older
DB/DC Choice (RPP only):	Continue in current component
Benefits Subject to Consent:	Consent on early retirement

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

Our assumptions are based on the economic environment as of March 31, 2012 and input provided by Enbridge for the December 31, 2011 valuation. Assumptions as at year-end 2012 through 2016 will reflect the economic environment and input from Enbridge at those times, and may differ from those used in these projections.

Sample rates from the age related tables are summarized below:

Age	Termination - Male	Termination - Female	Retirement
20	5.0%	9.5%	0.0%
25	5.0%	13.0%	0.0%
30	5.0%	11.0%	0.0%
35	4.6%	8.5%	0.0%
40	3.0%	4.0%	0.0%
45	2.5%	3.9%	0.0%
50	1.5%	2.8%	0.0%
55	0.0%	0.0%	5.0%
56	0.0%	0.0%	5.0%
57	0.0%	0.0%	7.5%
58	0.0%	0.0%	7.5%
59	0.0%	0.0%	10.0%
60	0.0%	0.0%	20.0%
61	0.0%	0.0%	20.0%
62	0.0%	0.0%	20.0%
63	0.0%	0.0%	20.0%
64	0.0%	0.0%	20.0%
65	0.0%	0.0%	100.0%

A 20% retirement rate is assumed in lieu of the above rate in the year in which a member qualifies for early retirement with an unreduced pension and in each subsequent year until age 65.

For members who terminate from the RPP before being eligible to retire we have assumed two-thirds will elect a commuted value determined on a basis consistent with the 2009 CIA Standard, and that one-third will elect a deferred, with pension commencement at age 55.

The following is a summary of the rationale for the material assumptions that are expected to be used as at December 31, 2012.

Discount Rate – RPP

We have discounted the expected benefit payment cash flows using the expected investment return on the market value of the fund. 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 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 and non-investment administrative expenses determined as the expected rate of investment and administrative expenses to be paid from the fund in the future. While recent experience has differed from the assumption, our discussions with management have led us to conclude that this assumption is appropriate.
- A margin for adverse deviations of 0.62%.

The discount rate was developed as follows:

Assumed investment return	6.64%
Additional returns for active management[3]	0.23%
Investment management and administrative expense provision	(0.50%)
Margin for adverse deviation	(0.62%)
Net discount rate	5.75%

Discount Rate – SERP/SSERP

We have discounted the expected benefit payment cash flows using the expected investment return on the market value of the fund documented in Enbridge's Funding Policy. 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.

This is based on an assumed inflation rate of 2.25% per year plus a real net rate of return of 5.00% per year which is based on management's best estimate of future returns in accordance with Enbridge's Funding Policy. This rate reflects the fact that investment income is subject to a 50% refundable tax.

[3] Limited to the incremental cost of fees on an actively managed investment fund relative to a passively managed fund.

Inflation

The inflation assumption is based on the mid-point of the Bank of Canada's inflation target range of between 1% and 3%, and market expectations of long-term inflation implied by the yields on nominal and real return bonds at March 31, 2012 of 2.3%.

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

This assumption is based on Enbridge's expectations.

Actuarial Methods and Assumptions – Projected Solvency and Hypothetical Wind-up Bases

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. For the purposes of the hypothetical wind-up valuation, the wind-up is assumed to occur in circumstances that maximize the actuarial liability.

Cash funding costs of the SERP and SSERP have not historically been impacted by the solvency or hypothetical wind-up financial positions, so they have been excluded from this analysis for simplicity.

To determine the actuarial liability of the RPP on the hypothetical wind-up basis, we have valued those benefits that would have been paid had the RPP been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on the valuation date, with all members fully vested in their accrued benefits.

The circumstances in which the RPP wind-up is assumed to have taken place are as follows:

- Membership in the RPP ceases on the valuation date; and
- No projection of salaries and YMPE are assumed to occur after the valuation date for active and suspended members.

Thereby giving rise to the following benefits:

- Active and suspended members not within 10 years of pensionable age (under the age of 55) receive the termination benefit under the RPP;
- Active and suspended members within 10 years of pensionable age (age 55 and older) receive the retirement benefit under the RPP; and
- Deferred pensioners, pensioners and survivors receive the benefit to which they are entitled on the valuation date.

It is assumed that, on wind-up, Enbridge would grant consent to early retirement for all active members.

No benefits payable on wind-up were excluded from our calculations.

Upon 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 March 31, 2012. 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. Therefore, we have relied upon the *Canadian Institute of Actuaries Educational Note Supplement: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2011 and December 30, 2012*, reflecting additional supplemental information to March 31, 2012.

In determining the financial position of the Plan on the solvency basis, we have valued those benefits that would have been paid had the RPP been wound-up on the valuation date, with the exception of certain benefits which may be excluded, as permitted by the Ontario *Pension Benefits Act*. Specifically, future cost-of-living increases on pensions in payment were excluded from our calculation of solvency liabilities. All members are assumed to be fully vested in their accrued benefits.

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

The assumptions below are based on economic conditions as at March 31, 2012.

Basis for Benefits Assumed to be Settled Through a Lump Sum	
Non-indexed interest rate:	2.50% per year for 10 years, 4.00% per year thereafter
Partially-indexed (50%) interest rate:	1.80% per year for 10 years, 2.70% per year thereafter
Partially-indexed (55%) interest rate:	1.80% per year for 10 years, 2.60% per year thereafter
Basis for Benefits Assumed to be Settled Through the Purchase of an Annuity	
Non-indexed interest rate:	3.45% per year
Partially-indexed (50%) interest rate:	1.93% per year
Partially-indexed (55%) interest rate:	1.78% per year
Termination expenses:	$600,000

Termination Expenses

To determine the hypothetical wind-up and solvency position of the RPP, 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 RPP'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 RPP's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the RPP.

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 solvency 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 solvency liabilities will depend on the membership in the RPP at the next valuation date, we must make assumptions about how the RPP membership will evolve over the period until the next valuation.

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

- Pensionable earnings, the *Income Tax Act* 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 RPP; and

- Cost of living adjustments are consistent with the inflation assumption used for the going-concern valuation.

APPENDIX E

Membership Data

Analysis of Membership Data at December 31, 2011

For purposes of these estimates, we have based our projections on membership data as at December 31, 2011 for each plan, which was provided by Enbridge. Membership data was projected forward based on the assumptions described in Appendix D.

Membership data for the RPP as at December 31, 2011 are summarized below.

	12.31.2011 (RPP)
Active Members Accruing Defined Benefit Service (Non-SMEs)	
Number	1,872
Total base earnings at the valuation date	$141,763,000
Average base earnings at the valuation date	$75,700
Average years of Non-SME DB pensionable service	12.4 years
Average age	45.4 years
Active Members Accruing Defined Benefit Service (SMEs)	
Number	33
Total base earnings at the valuation date	$6,836,000
Average base earnings at the valuation date	$207,200
Average years of SME DB pensionable service	3.4 years
Average age	50.7 years
Suspended Defined Benefit Members Accruing Defined Contribution Service	
Number	73
Total base earnings at the valuation date	$6,314,000
Average base earnings at the valuation date	$86,500
Average years of Non-SME DB pensionable service	5.6 years
Average age	46.0 years
Other Suspended Defined Benefit Members (Non-SMEs)	
Number	18
Total base earnings at the valuation date	$1,962,000
Average base earnings at the valuation date	$109,000
Average years of Non-SME DB pensionable service	4.3 years
Average age	40.6 years
Other Suspended Defined Benefit Members (SMEs)	
Number	16
Total base earnings at the valuation date	$4,234,000
Average base earnings at the valuation date	$264,600
Average years of Non-SME DB pensionable service	7.2 years
Average years of SME DB pensionable service	1.8 years
Average age	44.3 years

	12.31.2011 (RPP)
Active Defined Contribution Members without Defined Benefit Service	
Number	197
Total base earnings at the valuation date	$16,347,000
Average base earnings at the valuation date	$83,000
Average age	41.4 years
Suspended Defined Contribution Members without Defined Benefit Service	
Number	5
Total base earnings at the valuation date	$667,000
Average base earnings at the valuation date	$133,000
Average age	36.5 years
Deferred Pensioners	
Number	191
Total annual pension	$936,000
Average annual pension	$4,900
Average age	48.5 years
Pensioners and Survivors	
Number	1,458
Total annual lifetime pension	$29,650,000
Average annual lifetime pension	$20,300
Total annual temporary pension	$1,878,000
Average annual temporary pension	$7,000
Average age	71.9 years

APPENDIX F

Summary of Plan Provisions

For purposes of these projections, we have reflected the provisions of the plans in effect on March 31, 2012. The plans have not been amended since December 31, 2011. However, the RPP is being amended effective July 1, 2012 to comply with legislative changes requiring "grow-in" benefits for Ontario members involuntarily terminated without cause. This amendment has not been reflected in this report, as the financial impact is not expected to be material.

RPP - DB Component

The following is a summary of the main provisions of the DB component of the RPP in effect on March 31, 2012. This summary is not intended as a complete description of the RPP.

Background	The RPP became effective January 1, 1971. Benefits are based on a set formula and are entirely paid for by the participating employers. 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 employees are immediately vested as of July 1, 2011.
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 • A member becomes immediately vested and 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 3.

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 a 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 with Enbridge's consent: • 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. If a member retires without consent the benefit is actuarially equivalent to the benefit payable at age 65.

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 • $2,646.67, 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 *Income Tax Act* 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 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.

RPP - DC Component

The following is a summary of the main provisions of the DC component of the RPP in effect on March 31, 2012. This summary is not intended as a complete description of the RPP.

Background	The DC component of the RPP 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 employees are immediately vested as of July 1, 2011.
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[4] • 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.

[4] 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.

SERP / SSERP

The following is a summary of the main provisions of the SERP and SSERP in effect on March 31, 2012. This summary is not intended as a complete description of the SERP or SSERP.

Background - SERP	The SERP became effective November 19, 1987. It provides to designated employees benefit amounts that would otherwise be payable under the RPP beyond the ITA maximum pension limit on service accrued prior to January 1, 2000. The SERP is closed to new entrants.
Background - SSERP	The SSERP became effective November 19, 1984. Only members designated by Enbridge Gas Distribution Inc. were able to join the SSERP. The SSERP is closed to new entrants, and the only remaining members are pensioners and survivors.

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