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30 June 2020

Subject: Gazifère Estimated 2021 Pension and Benefit Cost and Cash Contributions

Dear Jean-Benoit,

At your request, we have prepared estimates of Gazifère's share of the pension and benefits cost and cash contributions in 2021 for the following pension and non-pension post retirement plans:

- The Retirement Plan for the Employees of Enbridge Inc. and Affiliates (the "EI RPP");
- The Pension Plan for the Employees of Enbridge Gas Distribution Inc. and Affiliates (the "EGD RPP");
- The Enbridge Supplemental Pension Plan (the "EI SPP"); and
- The Non-pension Post Retirement Plan for Employees of Enbridge Gas Distribution Inc. (the "OPEB Plan").

Actual pension and benefits cost and cash funding requirements in respect of 2021 may differ from the amounts estimated here, and will be based on future economic conditions and the respective plans' economic and demographic experiences. We understand these estimates will be provided to the Régie de l'énergie (the "Régie") in conjunction with Gazifère's application for recovery of pension and benefits costs from ratepayers.

The information presented in this letter is prepared for the internal use of Gazifère and for submitting to the Régie. This information is not intended or suitable for any other purpose.

Recent Significant Events

Since February 2020, COVID-19 has created significant volatility in global equity markets and Canadian corporate bond spreads. The estimates in this letter are based on economic conditions as at May 31, 2020, and project the plan benefit obligations and assets to December 31, 2020 using actuarial assumptions. Actual economic experience will differ from these assumptions, and may have a significant impact on the results.

In June 2020, Enbridge announced a company-wide voluntary early retirement program for eligible employees with the purpose of reducing headcounts to a targeted level. These results do not reflect the impact of this program as at the time the letter was prepared the members who had elected to leave the company was not yet available.

A summary of the projections are attached to this letter as follows:

- Appendix A contains important notices relevant to these projections.
- Appendix B – Summary of estimated 2021 US GAAP pension and benefit costs for Gazifère’s share of the, EI RPP, EGD RPP, EI SPP, and OPEB Plan.
- Appendix C – Summary of Gazifère’s estimated 2021 contributions to the EI RPP, EGD RPP, EI SPP, and OPEB Plan.

Basis of Accounting Projections

The EI RPP, EGD RPP and EI SPP projections are based on membership data as at December 31, 2019 and the same assumptions (with the exception of the discount rate, expected return on assets and salary escalation rate), methods and policies as the December 31, 2019 fiscal year end disclosures.

Mercer has used and relied on participant data supplied by Enbridge as described in Appendix C of the Presentation on the 2020 Valuation Results Executive Summary as at December 31, 2019 April 9, 2020 (the “2020 Presentation”).

For purposes of the 2021 OPEB Benefit Cost and Cash Contributions, we have projected the results of the January 1, 2018 actuarial valuations of the OPEB Plan for US GAAP financial reporting purposes forward to December 31, 2020. The membership data used is as at January 1, 2018 and therefore does not reflect demographic changes since that date.

The purpose of these projections is to estimate Gazifère’s accrual costs in 2021.

Under US GAAP, with the exception of the discount rate, assumptions are selected by Enbridge and are to be management's “best estimates”. The discount rate must be chosen by reference to the market yields on high quality corporate bonds with cash flows similar to the aggregate cash flows of the pension plans.

We have used the same assumptions as were used for the 2019 year-end disclosures under US GAAP, with the following exceptions:

- the discount rate reflects market conditions at May 31, 2020 as follows:

Discount Rate	Current Assumption as at May 31, 2020		Prior Assumption as at December 31, 2019	
	Total Plan	Gazifère	Total Plan	Gazifère
EI RPP				
Discount rate for benefit obligation determination	3.31%	3.38%	3.17%	3.19%
Discount rate for current service cost determination	3.39%	3.39%	3.19%	3.20%
EGD RPP				
Discount rate for benefit obligation determination	3.18%	3.23%	3.12%	3.14%
Discount rate for current service cost determination	3.42%	N/A	3.20%	N/A
EI SPP				
Discount rate for benefit obligation determination	3.18%	N/A	3.13%	N/A
Discount rate for current service cost determination	3.33%	N/A	3.18%	N/A
OPEB Plan				
Discount rate for benefit obligation determination	3.19%	3.19%	3.13%	3.13%
Discount rate for current service cost determination	3.40%	3.40%	3.20%	3.20%

- the expected return on assets reflects market conditions at May 31, 2020 as follows:

2021 Expected Return on Assets	Current Assumption as at May 31, 2020	Prior Assumption as at December 31, 2019
EI RPP	7.70%	7.50%
EGD RPP	7.20%	7.00%
EI SPP	5.50%	5.00%

- for purposes of the actuarial funding valuations performed at December 31, 2019 the salary escalation rates have changed to reflect management's best estimate as follows:

Salary Escalation	Current Assumption as at December 31, 2019	Prior Assumption as at December 31, 2019
Salary escalation rate	2020: 2.50% plus age graded merit and promotion scale 2021-2022: 1.00% 2023+ 2.50% plus age graded merit and promotion scale thereafter	2.50% plus age graded merit and promotion scale

The interest on benefit obligations, for purposes of determining the interest cost, and the interest on the service cost are calculated by applying interest to the present value of the payment expected at each payment date. For this purpose, interest is determined using the same spot rates determined at May 31, 2020 used to determine the present value of the associated payment.

Actual assumptions to be used at December 31, 2020 (which will determine the actual 2021 accrual costs) will be reviewed in the final quarter of 2020 and early 2021 by Enbridge and may be different from the assumptions used for these projections.

Except for the changes noted above, all other assumptions, policies, methods and plan provisions are summarized in our ASC 715 (US GAAP) Actuarial Valuation Report as at December 31, 2019 Consolidated Total for All Plans Enbridge Inc. and Affiliates. dated January 2020 (“Pension Report”) and our ASC 715 (US GAAP) Actuarial Valuation Report as at December 31, 2019 Consolidated Total for All Canadian Non-Pension Post-Retirement Benefits Plans Enbridge Inc., Subsidiaries and Affiliates dated January 28, 2020 (“OPEB Report”).

The market value of assets is used to determine pension costs. For the purposes of these estimates, we have relied on actual asset experience up to May 31, 2020 as reported by CIBC Mellon in the monthly unaudited financial statements obtained from their online reporting tool Workbench. We have reduced the market value of assets for the pending asset transfers payable from the EI RPP assets.

For the EI RPP, EGD RPP and EI SPP, the actual market value of assets as at May 31, 2020 was extrapolated to December 31, 2020 using:

- Contributions taking into account the 2020 minimum funding requirements from the December 31, 2019 preliminary¹ actuarial funding valuations. In particular,
 - For the EI RPP, we have assumed employer and employee contributions would equal the estimated minimum required amounts from the December 31, 2019 actuarial valuation.

¹ At the time this letter was prepared, the actuarial valuation results as at December 31, 2019 have been reviewed and approved by the Enbridge Pension Committee. However, the accompanying actuarial valuation reports have not been finalized and therefore are still identified as preliminary in this letter.

- For the EGD RPP, we have assumed employer contributions would equal the estimated minimum required amounts from the December 31, 2019 actuarial valuation.
- For the EI SPP, we have assumed no employer contributions would be made in 2020 as permitted by the Enbridge funding policy.
- Assumed benefit payments based on membership data at December 31, 2019; and
- Expected investment returns based on a net median long-term expected return for each major asset class consistent with market conditions and Mercer’s economic expectations as of May 31, 2020 produced by Mercer’s portfolio return calculator, as summarized in the table below:

Net Median Long-Term Expected Annual Return	
EI RPP	6.79%
EGD RPP	6.33%
SPP	4.50%

Basis of Funding Projections

The EI 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 Office of the Superintendent of Financial Institutions (“OSFI”) and the Canada Revenue Agency (“CRA”). An actuarial valuation of the EI RPP as at December 31, 2019 will be filed with OSFI and the CRA no later than September 30, 2020.

We have assumed 2020 DB and DC contributions would be consistent with the minimum funding requirements prescribed by this pending report, and that Enbridge would elect to utilize solvency funding relief which has been made available by OSFI.

OSFI has indicated that the maximum discount rate for valuations will decrease by 0.25% however the implementation timing is still uncertain. We have assumed the change will not affect 2021 current service cost contributions. We have estimated 2021 DB current service cost contributions based on the membership as at December 31, 2019. We have assumed special payments in 2021 would be the same as those required in 2020.

The EGD RPP consists of a 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 Regulatory Authority of Ontario (“FSRA”) and CRA. Valuations may be filed at the plan sponsor’s discretion, but must be filed at least once every three years. An actuarial valuation of the EGD RPP as at December 31, 2019 (the “2019 EGD Valuation”) will be filed with FSRA and the CRA no later than

September 30, 2020. Contributions to the EGD RPP by Gazifère and the other participating employers must be made in accordance with the 2019 EGD Valuation until a new valuation is filed with the regulators (but no later than as at December 31, 2022).

We have assumed no contributions would be made to the EGD RPP in either 2020 or 2021 by Gazifère .

The EI SPP is a supplemental arrangement comprised of two separate trust accounts as follows:

- Benefits accrued by United States ex-patriots while residing in Canada are secured by a Retirement Compensation Arrangement held in Canada that will operate as a grantor trust (the “Canadian Grantor Trust” or “CGT”); and
- Benefits accrued by all other members are secured by a Retirement Compensation Arrangement (“RCA”) trust held in Canada.

Contributions are determined in accordance with the funding policy annually. An actuarial valuation of the SPP was conducted as at December 31, 2019 and is the basis for cash funding during 2020.

There are currently no Gazifère employees or past employees whose accrued EI RPP or EGD RPP pensions exceed *Income Tax Act* maximum pension limits and therefore there is no funding required for the EI SPP.

The funding extrapolations are based on membership data as at December 31, 2019 (as described in the Accounting Section) and the same methods and policies as the December 31, 2019 actuarial funding valuations as described in the following presentation and reports:

- The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2018 for the Pension Plan for Employees of Enbridge Gas Distribution Inc. and Affiliates dated September 18, 2019 for the EGD RPP;
- The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2018 for the Retirement Plan for Employees of Enbridge Inc. and Affiliates dated June 24, 2019 for the EI RPP; and
- The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2018 for the Retirement Plan for Employees of Enbridge Inc. and Affiliates dated February 2020 for the EI RPP.

The funding extrapolations are based on the same assumptions as at December 31, 2019 as described in Appendix B of the “2020 Presentation.

The OPEB Plan is a DB plan. The non-pension post-retirement benefits are funded on a pay-as-you-go basis. The company funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide the non-pension post-retirement benefits. Projected contributions are equivalent to the expected benefits to be paid, based on the data and assumptions outlined in the OPEB Report.

We trust that this letter contains all information you require for filing with the Régie. Please call if you have any additional questions or requests.

Sincerely,



Scott Thompson, FSA, FCIA
Principal
For pension plans



Ken Chin, FSA, FCIA
Principal
For the non-pension post-retirement benefits
plan

Copy:
Tyler Brady – Enbridge Inc.
Julie-Christine Lacombe – Gazifère
Ben Ukonga, Morgan Jones, Jesse Little – Mercer (Canada) Limited

Enclosure

Appendix A

Important Notices

Mercer has prepared this letter exclusively for Gazifère for submitting to the Régie. This letter may not be used or relied upon by any other party or for any other purpose; Mercer is not responsible for the consequences of any unauthorized use.

The results shown in this letter are derived from funding and accounting valuation results shown in the following actuarial valuation reports or results presentations (the “2020 Presentations”):

- Appendix B and Appendix C of the 2020 Presentation;
- The OPEB Report; and,
- The December 31, 2019 actuarial valuation report consolidated total for all Canadian pension plans (“2019 Disclosure”)

The December 31, 2019 actuarial valuations for the EI RPP and EGD RPP will be filed no later than September 30, 2020. For reference to the provisions, methodologies, and importance notices that will be included in the actuarial funding reports, refer to the following 2018 reports (the “2018 Reports”):

- The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2018 for the Pension Plan for Employees of Enbridge Gas Distribution Inc. and Affiliates dated September 18, 2019 for the EGD RPP;
- The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2018 for the Retirement Plan for Employees of Enbridge Inc. and Affiliates dated June 24, 2019 for the EI RPP; and
- The Report on the Actuarial Valuation for Funding Purposes as at December 31, 2018 for the Retirement Plan for Employees of Enbridge Inc. and Affiliates dated February 2020 for the EI SPP

The results shown in this letter are subject to the same Important Notices and qualifications described in the 2018 Reports except as specifically noted in this letter. The 2018 Reports are incorporated by reference into this letter and are essential to understanding the results. If you do not have copies of the 2018 Reports, please let us know immediately.

The accounting projections for the purposes of determining 2021 accrual costs are based on the same actuarial assumptions used in the 2019 Presentations except as noted in the *Basis of*

Accounting Projections section of this letter. The funding projections for the purposes of determining 2021 cash costs, where applicable, are based on the same actuarial assumptions used in the 2020 Presentations except as noted in the *Basis of Funding Projections* section of this letter.

There were no changes to the actuarial methods used in the 2020 Presentations.

Our extrapolation reflects a single scenario from a range of possibilities. However, the future is uncertain, and the plans' actual experience will likely differ from the assumptions utilized and the scenarios presented; these differences may be significant or material. This letter is presented at a particular point in time and should not be viewed as a prediction of the plans' future financial conditions or their ability to pay benefits in the future.

The results shown in this letter are based on the membership data used in the 2020 Presentations with the following adjustment since December 31, 2019 for pension plans:

- Actual benefit payments to May 31, 2020 based on the CIBC Mellon monthly unaudited financial statements; and
- Assumed benefit payments between June 1, 2020 and December 31, 2020.

The results shown in this letter are based on plan provisions provided by the plan administrator. As noted in the introduction, the results in this letter are based on the plan provisions in effect at December 31, 2019.

Because actual plan experience will differ from the assumptions, 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 valuation report or report.

Gazifère Inc.

Gazifère 2021 US GAAP Pension and OPEB Expense Projections

Pension and Non Pension Benefit Cost - US GAAP (\$Thousands) - Gazifère's Share Only

Gazifère Only Portion of EI RPP										
Year	DC Current Service Cost	Flex Credits ¹	Total DB Current Service Cost ²	Employee Contributions	Interest Cost	Expected Return on Assets	Amortization of net actuarial loss (gain)	Amortization of Prior Service Cost	P&L Charge (Credit)	
2021	102	52	1,158	(258)	115	(208)	(8)	-	953	
Gazifère Only Portion of EGD RPP										
Year	DC Current Service Cost	Flex Credits ¹	Total DB Current Service Cost ²	Employee Contributions	Interest Cost	Expected Return on Assets	Amortization of net actuarial loss (gain)	Amortization of Prior Service Cost	P&L Charge (Credit)	
2021	-	-	-	-	545	(1,115)	332	-	(238)	
Gazifère Only Portion of EI SPP (excluding CGT)										
Year			Total DB Current Service Cost ²	Employee Contributions	Interest Cost	Expected Return on Assets	Amortization of net actuarial loss (gain)	Amortization of Prior Service Cost	P&L Charge (Credit)	
2021			-	-	-	-	(2)	-	(2)	
Gazifère Only Portion of OPEB Plan										
Year			Total DB Current Service Cost ²	Employee Contributions	Interest Cost	Expected Return on Assets	Amortization of net actuarial loss (gain)	Amortization of Prior Service Cost	P&L Charge (Credit)	
2021			45	-	62	-	-	2	109	
Total Gazifère										
Year	DC Current Service Cost	Flex Credits ¹	Total DB Current Service Cost ²	Employee Contributions	Interest Cost	Expected Return on Assets	Amortization of net actuarial loss (gain)	Amortization of Prior Service Cost	P&L Charge (Credit)	
2021	102	52	1,203	(258)	722	(1,323)	322	2	822	

¹ Flex credits are paid outside the pension plans and will not be accounted for as part of the pension expense.

² The employer current service cost equals the total current service cost less employee contributions.

Gazifère Inc.

Gazifère 2021 US GAAP Pension and OPEB Expense Projections

Gazifère's Share of Funding (\$Thousands)

Gazifère Only Portion of EI RPP						
Year	DC Current Service Cost	Flex Credits ¹	Employer DB Current Service Cost	Special Payments		Total Annual Employer Contributions
2021	102	52	450	53		657

Gazifère Only Portion of EGD RPP						
Year	DC Current Service Cost	Flex Credits ¹	DB Current Service Cost	Special Payments		Total Annual Employer Contributions
2021	-	-	-	-		-

Gazifère Only Portion of EI SPP (including CGT)					
Year		Current Service Cost	Special Payments		Total Annual Employer Contributions
2021		-	-		-

Gazifère Only Portion of OPEB Plan			
Year		Directly Paid Benefits	Total Annual Employer Contributions
2021		78	78

Total Gazifère						
Year	DC Current Service Cost	Flex Credits ¹	DB Current Service Cost	Special Payments	Directly Paid Benefits	Total Annual Employer Contributions
2021	102	52.00	450	53	78	735

¹ Flex credits are paid outside the pension plans and will not be accounted for as part of the pension expense.