

EXTRAITS DE L'ÉTUDE *COST ALLOCATION METHODOLOGY REVIEW* RÉALISÉE PAR MNP EN 2015¹

Calculations for each of the comparability measures were carried out for the comparative utilities. A low, high, and average price range for each of the utilities was derived based on the comparability measure, which was then used for the analysis of whether the costs incurred by Gazifère fall within the low and high range of industry comparable utilities. Gazifère fell within or below range, and therefore passed Test #3, on five of the six material categories.

Service Category	Gazifère Test #3 Values	Market Prices			Comparable Rates Test Result
		Low	Average	High	
Enterprise IT Systems & Support	\$ 14,279	\$ 9,676	\$ 31,532	\$ 46,728	Within Range
Operations & Engineering	\$ 4,803	\$ 5,330	\$ 6,629	\$ 8,329	Below Range
Compensation & Benefits	\$ 296,518	\$ 250,880	\$ 391,431	\$ 531,981	Within Range
Insurance	\$ 286,536	\$ 69,105	\$ 135,266	\$ 231,959	Outside of Range
Common Stock-Based Compensation	\$ 187,341	\$ 78,994	\$ 118,491	\$ 157,988	Outside of Range
Human Resources	\$ 2,454	\$ 1,664	\$ 8,384	\$ 14,673	Within Range
Regulatory Support	\$ 9	\$ 4	\$ 14	\$ 27	Within Range

INSURANCE

Given that Gazifère was outside of the range established by the comparable utilities analysis for the Insurance category, further examination of the contributing costs allocated to Gazifère was required to identify why the total allocation cost was considerably higher than that of comparable utilities. Upon review of the cost line items that were included in the total Insurance cost allocated to Gazifère from Enbridge, we noted that this included Consolidated D&O, a line item for directors and officer's liability insurance. MNP performed further research and analysis to substantiate the amount of D&O insurance premiums that would be paid if Gazifère were a standalone entity. Our findings and corresponding adjustment are explained in the table below.

Service Category	Gazifère Test #3 Values	Market Prices			MNP Adjustment
		Low	Average	High	
D&O Insurance (a line item in the Insurance Service Category noted above)	\$ 157,975	\$ 7,000	\$ 43,500	\$ 80,000	(\$ 114,475)

Upon making this adjustment for the D&O insurance line item within the Insurance Service Category, MNP found that Gazifère's total Insurance costs are aligned with comparably sized utilities (i.e. within range).

COMMON STOCK-BASED COMPENSATION

Similar to Direct Stock-Based Compensation ("SBC"), in principle, MNP determined that Common Stock-Based Compensation costs could be considered prudent in the case of Gazifère since Enbridge provides executive management, senior leadership and Board of Directors support to Gazifère. If Gazifère were a stand-alone entity, it would require its own executive management team, senior leadership and Board of Directors. SBC is part of total compensation for these individuals. In the absence of SBC compensation, these individuals would be compensated through higher salaries.

SBC is commonly accepted by various Canadian regulators as an acceptable direct cost. As such, MNP has passed Common SBC costs through the Gazifère RCAM on the basis of these principles. However, MNP was unable to identify comparably sized utilities that include Common SBC costs within their regulatory filings. As such, MNP performed an FTE cost build up analysis to determine a reasonable range of Common SBC costs if Gazifère were a stand-alone entity with its own executive management team, senior leadership and Board of Directors. We have included Recommendation #3 below, which will increase the overall precision of the Common SBC amounts to be included in future regulatory filings using Gazifère's RCAM approach.

Service Category	Gazifère Test #3 Values	Market Prices			MNP Adjustment
		Low	Average	High	
Common Stock-Based Compensation	\$ 187,341	\$ 78,994	\$ 118,491	\$ 157,988	(\$ 68,850)

Upon making this adjustment to the Common Stock-Based Compensation Service Category, MNP found that Gazifère's total Common Stock-Based Compensation costs are reasonable (i.e. within range).

¹ Dossier R-3924-2015 Phase 2, pièce [B-0073](#), p. 14 et 15.

TABEAU 1 PRODUIT PAR LA RÉGIE À PARTIR DES EXTRAITS DE L'ÉTUDE RÉALISÉE EN 2015

Services	2015 Cost allocation methodology review (\$)							
	Coûts alloués par Enbridge (Allocated costs)	Fourchettes de coûts - services publics comparables (Market Prices - Comparative utilities)			MNP Ajustement (Adjustment)	Écart fourchette vs coûts alloués		
		Basse (Low)	Moyenne (Average)	Haute (High)		Basse	Moyenne	Haute
	(a)	(b)	(c)	(d)	(e)	(f) = (b)-(a)	(g) = (c)-(a)	(h) = (d)-(a)
Assurance responsabilité civile des administrateurs et dirigeants (D&O Insurance)	157 975	7 000	43 500	80 000	-114 475	-150 975	-114 475	-77 975
Rémunération à base d'actions (Common Stock Based Compensation)	187 341	78 994	118 491	157 988	-68 850	-108 347	-68 850	-29 353
Total	345 316	85 994	161 991	237 988	-183 325	-259 322	-183 325	-107 328

EXTRAITS DE L'ÉTUDE *REGULATORY COST ALLOCATION METHODOLOGY REVIEW* RÉALISÉE PAR MNP EN 2023²

Table 12: Test 3 Aggregated Cost Evaluation Results

Material Service Category	Gazifère Allocated Indirect, Allocated Direct, and Internal Costs	Compatible Utilities Aggregated Range			Comparable Rates Test Result
		Low	Average	High	
Technology & Information Services	\$4,019,192	\$1,418,932	\$2,315,089	\$3,943,510	Above Range
Insurance	\$687,316	\$105,011	\$170,211	\$219,800	Above Range
Finance	\$1,656,715	\$486,595	\$782,896	\$1,122,876	Above Range
Real Estate Workplace Services	\$1,622,743	\$645,707	\$998,726	\$1,388,726	Above Range

Table 14: Gazifère's Testing Summary Results

Service Category	Allocated Costs Post Redistribution	Internal Costs	Non-Passing Direct Costs Assessment	MNP Adjustment for Test #1	MNP Adjustment for Test #2	MNP Adjustment for Test #3	Total MNP Adjustments
Compensation and Benefits	\$0	Not Material	\$0	\$0	\$0	\$0	\$0
Technology and Information Services	\$3,007,653	\$1,024,210	-\$12,671	\$0	\$0	-\$75,682	-\$88,353
Insurance	\$687,316	\$0	\$0	\$0	\$0	-\$467,516	-\$467,516
Finance	\$784,575	\$872,140	\$0	\$0	\$0	-\$533,839	-\$533,839
Depreciation	\$0	Not Material	\$0	\$0	\$0	\$0	\$0
Real Estate Workplace Services	\$622,743	\$1,000,000	\$0	\$0	\$0	-\$234,017	-\$234,017

² Pièce [B-0303](#), p. 24 et 27.

TABLEAU 2 PRODUIT PAR LA RÉGIE À PARTIR DES EXTRAITS DE L'ÉTUDE RÉALISÉE EN 2023

Services	2023 Regulatory Cost Allocation Methodology Review (\$)							
	Coûts alloués par Enbridge (Allocated costs) <i>(a)</i>	Fourchettes de coûts - services publics comparables (Market Prices - Comparative utilities)			MNP Ajustement (Adjustment) <i>(e)</i>	Écart fourchette vs coûts alloués		
		Basse (Low) <i>(b)</i>	Moyenne (Average) <i>(c)</i>	Haute (High) <i>(d)</i>		Basse	Moyenne	Haute
						<i>(f) = (b)-(a)</i>	<i>(g) = (c)-(a)</i>	<i>(h) = (d)-(a)</i>
Assurances (Insurance)	687 316	105 011	170 211	219 800	-467 516	-582 305	-517 105	-467 516
Services TI (IT Services)	4 019 192	1 418 932	2 315 089	3 943 510	-75 682	-2 600 260	-1 704 103	-75 682
Finances	1 656 715	486 595	782 896	1 122 876	-533 839	-1 170 120	-873 819	-533 839
Immobilier et services en milieu de travail (Real Estate Workplace Services)	1 622 743	645 707	998 726	1 388 726	-234 017	-977 036	-624 017	-234 017
Total	7 985 966	2 656 245	4 266 922	6 674 912	-1 311 054	-5 329 721	-3 719 044	-1 311 054