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**Demande d’approbation du plan d’approvisionnement et demandes de modification des tarifs de Gazifère inc. à compter du 1er janvier 2023 et du 1er janvier 2024.**

**Dossier R-4194-2022**

**Phase 3B**

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**MÉTHODOLOGIE**

**Question 1 :**

**Références:**

- (i) B-0282, p. 7, note 1
- (ii) B-0282, p. 9, section 1.4
- (iii) B-0282, p. 12, section 3.1
- (iv) R-3924-2015, B-0073 (Rapport MNP 2015)
- (v) B-0282, p. 20
- (vi) B-0282, p. 22, tableau 11

**Préambule :**

(iii)

« MNP consolidated the cost pool line items from Appendix B: Cost Pool Items into 20 Service Categories that were provided by Gazifère and CF FP&A for use throughout the remaining tests of the RCAM. »

(v)

« In this test, the cost pool line items were analyzed against their Service Category and allocation basis. MNP assessed whether each cost pool line item in each Service Category used an appropriate cost driver that established a direct casual relationship. MNP did not find any cost pool items that were inappropriately allocated. »

**Questions :**

- 1.1 Veuillez déposer le document *2021 Approach for Allocation of Centralized Functions Costs* cité à la référence (i).

*Traduction : Please submit document 2021 Approach for Allocation of Centralized Functions Costs cited in reference (i).*

**Réponse 1.1 :**

**Réponse d'Enbridge :**

**The document requested is for internal use. While it has been shared with the consultant (under confidentiality arrangements) to enable him to carry out his mandate, broader distribution is restricted. Enbridge Inc. ("EI") has spent considerable resources in developing the methodology and due to its commercial sensitivity, we are not able to share it openly. However, EI is willing to respond to specific questions.**

- 1.2 Veuillez indiquer si la méthodologie définie dans ce document a fait l'objet d'une approbation réglementaire. Le cas échéant, veuillez fournir les références appropriées.

*Traduction : Please indicate whether the methodology described in this document has received regulatory approval. If applicable, please provide the appropriate References*

**Réponse 1.2 :**

**Réponse d'Enbridge :**

**Our methodology adheres to industry best practices and undergoes regular reviews to stay updated. It has successfully withstood multiple rate case reviews by government bodies and shippers, such as the Ontario Energy Board, Canada Revenue Agency, The Federal Energy Regulatory Commission, among others. Furthermore, PwC conducts annual reviews of Enbridge methodology.**

**The fundamental intent of the methodology is to use allocation drivers that closely align with cost causation. The methodology is based on following key principles:**

- **Consistent**
- **Regulatory, Tax and Joint Venture compliant**
- **Simple, Fair and Transparent**
- **Manageable and Practical**
- **Accurate**

**This approach underwent rigorous scrutiny by our Legal, Regulatory, Tax and Finance teams to ensure strict compliance with these principles. One of the key**

**allocation drivers is the well-established and widely industry accepted Massachusetts 3-Factor Formula.**

**We assert that our methodology not only complies with regulatory standards but also reflects industry best practices.**

1.3 Veuillez produire les documents suivants parmi ceux consultés par MNP LLP (« MNP ») (ii) :

- Gazifère Organizational Chart Detailing Personnel – PDF Document – Contains the hierarchy and roles of each staff member of Gazifère, does not contain names or salary information;
- Gazifère Organizational Chart Detailing Legal Entities and Relationships – PDF Document – Contains the hierarchy of Enbridge Inc. and its affiliates;
- 2022 Actuals Gazifère Summary Avec Comptes et Drivers – Excel Document – Contains the Allocated Indirect and Direct Costs from EI to Gazifère;

**Réponse 1.3:**

**Réponse de Gazifère :**

**Le premier document correspond à la page 2 de la pièce GI-26, document 1.1 (B-0113) transmis dans le cadre de la phase 2 du présent dossier.**

**Le second document correspond à la pièce GI-1, document 2 (B-0006) transmis dans le cadre de la fermeture des livres 2022 (R-4231-2023).**

**Le troisième document constitue un document à usage interne. Néanmoins, le détail de la répartition des coûts 2022 est présenté dans le tableau #3 du rapport de MNP tandis que les clés de répartition sont présentées en réponse à la question 1.5 de la présente demande de renseignements.**

1.4 Relativement à la référence (iii), veuillez expliquer que les catégories de service (Service categories) aient été définies par Enbridge, mais que ce soit MNP qui ait déterminé quels items de coût (Cost Pool Items) devaient être associés à chaque catégorie.

*Traduction : Regarding Reference (iii), please explain how the Service Categories were defined by Enbridge, but MNP determined which cost pool items should be associated with each category.*

## Réponse 1.4:

### Réponse de MNP :

**Enbridge Central Functions FP&A provided Enbridge Inc.'s Service Categories and their associated definitions (Lines 562-647) and Gazifère provided the Service Categories for the EGD Direct Charges and their associated definitions (Lines 648-650) for use in the RCAM.**

**Cost Pool Items were provided to MNP with Service Categories by Enbridge Central Functions FP&A and Gazifère. MNP reviewed and validated the Cost Pool Items with Gazifère and Enbridge Central Functions FP&A who provided clarifications and adjustments to Cost Pool Items and Service Categories.**

1.5 Relativement à la référence (v), veuillez présenter pour chaque item de coût la clé de répartition utilisée et la proportion des coûts attribuée à Gazifère. Veuillez de plus expliquer pourquoi Gazifère estime qu'il s'agit d'une clé de répartition appropriée.

*Traduction : Regarding Reference (v), for each cost pool item, please present the allocation key used and the proportion of costs attributed to Gazifère. Also, please explain why MNP believes it is an appropriate allocation key.*

## Réponse 1.5 :

### Réponse d'Enbridge:

**Please note that as per our methodology, Cost Centres (Cost pool items) that provide “like” services are grouped to form a Service Category. Cost allocation happens at a Service Category level by applying an allocation driver that represents the level of services received by individual Lines of Business.**

**Please see below the allocation drivers used for each Service Category and the respective proportions allocated to Gazifère.**

**Please also refer to answer 1.7 of exhibit GI-82, document 2.1.**

| Service Category                                    | 1st Step Allocation Driver                         | 2nd Step Allocation Driver | Proportions allocated to Gazifère |
|---|--|----------------------------|-----------------------------------|
| AV-01.Business Travel (Passengers)                  | 3FF-LoB  | N/A                        | 0.41%                             |
| CD-75.Strategy                                      | 3FF-LoB  | N/A                        | 0.41%                             |
| CD-76.Investment Review                             | 3FF-LoB  | N/A                        | 0.41%                             |
| Corp Strat and Power                                | High Level Time Forecasting - Corp Strat and Power | 3FF-Segment                | 0.26%                             |
| Depreciation  | 3FF-LoB  | N/A                        | 0.35%                             |
| EO-79.Executive                                     | 3FF-LoB  | N/A                        | 0.41%                             |
| ERP Project   | 3FF-LoB  | N/A                        | 0.41%                             |
| FI-39.Management Reporting, Planning, and Budgeting | Revenue  | N/A                        | 0.23%                             |

## Réponses à la Demande de renseignements #5 de la FCEI

|   |  |                         |       |
|---|--|-------------------------|-------|
| FI-40.Credit                                  | High Level Time Forecasting - Credit                       | 3FF-Segment             | 0.31% |
| FI-42.Risk Assessment                         | 3FF-LoB  | N/A                     | 0.41% |
| FI-43.Risk Control & Contracts                | High Level Time Forecasting - Risk Control & Contracts     | 3FF-Segment             | 0.19% |
| FI-44.Accounts Payable                        | Number of Invoices   | N/A                     | 0.79% |
| FI-45.Capital Asset Accounting and Reporting  | Gross Book Value of PP&E                                   | N/A                     | 0.20% |
| FI-46.Treasury                                | Balance Sheet Debt   | 3FF-Segment             | 0.47% |
| FI-47.Tax Services                            | 3FF-LoB  | N/A                     | 0.41% |
| FI-48.Audit Services                          | 3FF-LoB  | N/A                     | 0.41% |
| FI-49.External Reporting                      | Revenue  | N/A                     | 0.22% |
| FI-50.Accounting Policy and Internal Controls | 3FF-LoB  | N/A                     | 0.41% |
| FI-51.General Finance                         | 3FF-LoB  | N/A                     | 0.42% |
| FI-56.GD Finance                              | Directly Attributable - GD Finance                         | 3FF-Segment             | 1.53% |
| FI-74.Investor Relations                      | 3FF-LoB  | One Step CF             | 0.41% |
| FI-88.GTM Taxes                               | Directly Attributable - FI-88 GTM Taxes                    | 3FF-Sub Segment         | 0.00% |
| FI-91.US Tax                                  | High Level Time Forecasting - US Income Tax                | 3FF-Segment             | 0.01% |
| Fin Transformation                            | High Level Time Forecasting - Finance Transformation       | 3FF-Segment             | 0.31% |
| HR-12.Payroll & myHR                          | HR Case Volume   |                         | 0.82% |
| HR-13.Advisory Services & Recruitment         | HR Case Volume   |                         | 0.82% |
| HR-14.Benefit Admin, Pension Admin..          | HR Case Volume   |                         | 0.82% |
| HR-15.Rewards & Analytics                     | Estimated Salary by LoB                                    | One Step CF             | 0.80% |
| HR-16.Talent Management                       | Estimated Salary by LoB                                    | One Step CF             | 0.80% |
| HR-17.HR Business Partners                    | HR Business Partners Headcount                             | Estimated Salary by LoB | 0.68% |
| HR-18.Enterprise Cost                         | Estimated Salary by LoB                                    | One Step CF             | 0.81% |
| HR-20.Real Estate Services (Chatham)          | Capacity Utilization (Chatham)                             | Estimated Salary by LoB | 1.65% |
| HR-23.Real Estate Services (Edmonton)         | Capacity Utilization (Edmonton)                            | Estimated Salary by LoB | 0.01% |
| HR-24.Real Estate Services (Toronto)          | Capacity Utilization (Toronto)                             | Estimated Salary by LoB | 1.65% |
| HR-89.Real Estate Services (General)          | High Level Time Forecasting - RE & Workplace               | Estimated Salary by LoB | 0.96% |
| LE-58.Ethics, Compliance, Privacy & Security  | 3FF-LoB  | N/A                     | 0.41% |
| LE-59.TIS, SCM & LSO                          | 3FF-LoB  | N/A                     | 0.41% |
| LE-60.Corporate Law                           | High Level Time Forecasting - Corporate Law Services       | 3FF-Segment             | 0.02% |
| LE-61.Corporate Secretarial                   | 3FF-LoB  | N/A                     | 0.41% |
| LE-62.Gas Utilities Law                       | High Level Time Forecasting - Gas Utilities Law            | 3FF-Segment             | 1.53% |
| LE-64.GTM Canada & LP L&RA                    | High Level Time Forecasting - LP and GTM Law (CAN)         | 3FF-Segment             | 0.02% |
| PA-03.Stakeholder & Indigenous Engagement     | High Level Time Forecasting - Stakeholder & Indigenous Eng | 3FF-Segment             | 0.14% |
| PA-05.Enterprise Communications               | High Level Time Forecasting - Enterprise Communications    | 3FF-Segment             | 0.06% |

|   |   |             |       |
|---|---|-------------|-------|
| PA-06.CSR & Community Investment            | Donations Value                                       | 3FF-Segment | 0.21% |
| PA-07.External Affairs & Policy             | High Level Time Forecasting - External Affairs        | 3FF-Segment | 0.16% |
| Power Finance Other                         | 3FF-LoB   | N/A         | 0.00% |
| SC-66.Direct Category Management            | Spend   | 3FF-Segment | 0.31% |
| SC-67.Materials Management & Logistics      | Spend   | 3FF-Segment | 0.32% |
| SC-68.Indirect Category Management          | Spend   | 3FF-Segment | 0.31% |
| SC-69.Planning, Governance & Technology     | Spend   | 3FF-Segment | 0.31% |
| SC-71.GD Operations                         | Directly Attributable - GD Operations                 | 3FF-Segment | 1.53% |
| SR-11.Centers of Excellence group           | Estimated Salary by LoB                               | N/A         | 0.81% |
| Third Party Recoveries                      | 3FF-LoB   | N/A         | 0.41% |
| TI-25.Application Mgmt & Support            | Directly Attributable - LP Application Mgmt & Support | 3FF-Segment | 0.42% |
| TI-26.GD Application Mgmt & Support         | Directly Attributable - GD Application Mgmt & Support | 3FF-Segment | 1.53% |
| TI-29.Enterprise Application Mgmt & Support | 3FF-LoB   | N/A         | 0.41% |
| TI-31.GD Operational Technology             | Directly Attributable - GD Operational Technology     | 3FF-Segment | 1.53% |
| TI-33.Core Infrastructure Operations        | 3FF-LoB   | N/A         | 0.41% |
| TI-34.Network Services                      | Network Circuit Usage                                 | 3FF-Segment | 0.12% |
| TI-35.Mobility                              | 3FF-LoB   | N/A         | 0.41% |
| TI-36.Cyber Security                        | 3FF-LoB   | N/A         | 0.41% |
| TI-37.IT Service Mgmt & Client Services     | 3FF-LoB   | N/A         | 0.41% |
| TI-38.Technology Direction & Governance     | 3FF-LoB   | N/A         | 0.41% |
| Centrally Managed Benefits                  | 3FF-LoB   |             | 0.38% |

## COÛTS ALLOUÉS

### Question 2 :

#### Références:

- (i) B-0282, p. 18, tableau 7
- (ii) B-0282, pp. 43 à 62, Annexe C
- (iii) B-0282, p. 25, tableau 13

**Questions :**

- 2.1 Relativement à la référence (i), veuillez indiquer pour chacune des catégories de service si Gazifère a validé que les services rendus justifiaient les coûts indirects provenant d'Enbridge inc. (« EI »). Le cas échéant, veuillez décrire les démarches effectuées.

**Réponse 2.1 :**

**Réponse de Gazifère :**

**Gazifère n'a pas fait la validation telle que décrite dans la question, pour les frais indirects.**

**L'objectif de l'exercice effectué par MNP est d'offrir une évaluation indépendante des frais affiliés qui sont alloués à Gazifère et d'établir le nouveau montant des frais indirects raisonnables et admissibles à la récupération tarifaire à compter de l'année 2025. La démarche retenue par MNP ainsi que les limitations de l'analyse sont plus amplement décrites aux sections 2.1 et 2.3 de la pièce GI-84, document 1.**

- 2.2 Veuillez décrire, au-delà des descriptions générales produites à l'Annexe C (ii), les services rendus par EI à Gazifère pour chacune des catégories de service concernées (allocation indirecte). Veuillez également expliquer comment ces services complètent le travail des ressources internes de Gazifère.

**Réponse 2.2 :**

**Réponse de Gazifère :**

**L'Annexe C présente des descriptions détaillées et complètes des services rendus par EI à Gazifère.**

**Excluant le service d'aviation, Gazifère utilise l'ensemble des services décrits à l'annexe C de la pièce GI-84, document 1.**

**De manière générale, ces services sont complémentaires en tout ou en partie au travail effectué par les ressources internes du distributeur.**

2.3 Veuillez de manière plus spécifique décrire les services rendus à Gazifère en 2022 pour les catégories de services « Real Estate Workplace Services », « Supply Chain Management », « Public Affairs and Communications » et « Corporate Development Office ».

**Réponse 2.3 :**

**Réponse de Gazifère**

**L'Annexe C présente des descriptions détaillées et complètes des services rendus par EI à Gazifère. Néanmoins, voici des exemples concrets de services rendus :**

|  | <b>Exemple</b>  |
|--|---|
| <b>Real Estate Workplace Services</b>    | <b>Inspection de sécurité des installations de Gazifère</b>   |
| <b>Supply Chain Management</b>           | <b>Support dans la création et le renouvellement des contrats avec les fournisseurs de services et consultants</b>  |
| <b>Public Affairs and Communications</b> | <b>Support notamment dans le dossier de l'hydrogène tel que pour la recherche de subventions et dans la préparation de la rencontre avec Chrystia Freeland, ministre des Finances et vice-première ministre du Canada au siège social de Gazifère</b> |
| <b>Corporate Development Office</b>      | <b>Support dans la réalisation des analyses de rentabilité et des branchements</b>  |



## ÉVOLUTION ET COMPARAISON DES COÛTS

### Question 3 :

#### Références:

- (i) B-0282, p. 28, tableau 15
- (ii) B-0282, p. 22, tableau 11
- (iii) R-3924-2015, B-0073, p. 14
- (iv) B-0282, p. 22
- (v) B-0282, p. 30
- (vi) R-3924-2015, B-0073, p. 13
- (vii) B-0282, p. 21
- (viii) B-0282, p. 29
- (ix) B-0282, p. 30
- (x) B-0282, p. 30

#### Préambule :

(iv)

« A low, high, and average price range for each of the utilities was derived based on the comparability measure, which was used for the analysis of whether the costs incurred by Gazifère fall within the range of comparable utilities. The results of this analysis are provided in Table 11. »

(v)

« While the fundamental types of services have remained relatively consistent, it's important to acknowledge that the landscape of IT operations has evolved and continues to evolve. For example, the increased complexities and risks associated with IT require a corresponding response and expenditure. Moreover, the rapid advancements in technology have introduced new avenues of service delivery, e.g., in the realm of cloud-based solutions.

Furthermore, the shift in global dynamics, such as the impact of COVID-19, has substantially amplified the reliance on IT services, especially in facilitating remote work

arrangements. This surge in demand has consequently influenced the overall utilization of IT resources. Additionally, some of the benefits related to IT personnel are reported under IT Human Cost Centres (HCCs) starting 2022.

Additionally, some of the benefits related to IT personnel are reported under IT Human Cost Centres (HCCs) starting 2022.” (Nous soulignons)

(vi)

“Similar utilities were selected for Test #3 from the OEB’s Utility Yearbooks on the basis of comparability of customer base and employee size to that of Gazifère, as well as from the utilities used in the EGD’s RCAM from its 2013 rates proceeding”

(vii)

“MNP reviewed its 2015 Gazifère Corporate Services Cost Allocation Methodology Review and used the same comparable utilities to ensure consistency in our analysis.”

(viii)

“In 2017, after the merger with Spectra Energy, Enbridge introduced the concept of Centralized Functions. Following centralization in 2018, services are provided by CFs which represent a combination of CF employees that previously reported up through the organizational structure of various Business Units and/or CF employees of Enbridge. This has resulted in the shifting of costs from a combination of departmental O&M costs and corporate cost allocations received in 2017 to CF costs received from 2018 to 2024. As a result a comparison for costs prior to 2018 is difficult and not a straight-line comparison.”

(ix)

“CF FP&A provided an explanation that 2018-2020 numbers required some corrections to be made to the Supply Chain Management Service Category. These corrections would have brought the SCM allocations into similar in range as the following years (2021-2022), adjusted for inflation. However, since these corrections were deemed immaterial at EI level, they were not processed in the system and hence cannot be provided by CF FP&A.”

### **Questions :**

3.1 Relativement à la référence (i), veuillez confirmer la compréhension de la FCEI à l’effet que les données de l’année 2022 ne sont pas comparables à celles des années 2015 à 2021 étant donné que la colonne 2022 ne reflète pas la réallocation des bénéfices et de la réallocation. Sinon veuillez expliquer.

*Traduction : Regarding Reference (i), please confirm CFIB’s understanding that data for 2022 is not always comparable to data from 2015 to 2021 given that the 2022 column does not reflect the reallocation of benefits and reallocation. If this is not correct, please explain.*

**Réponse 3.1 :**

**Réponse d'Enbridge:**

**We confirm that CFIB's understanding is accurate.**

**The underlying methodology for 2022 differs from that of the years 2018 to 2021 due to refinements made to allocation methodology, including the approach for the benefits allocation methodology. As detailed in the report (rows 482 - 487), the methodology for benefits allocation underwent modifications in 2022. Consequently, the results for 2022 are not directly comparable to those of the preceding years.**

**Additionally, it's important to note that for 2015-2018 data, comparability with 2018+ is addressed in the report (rows 464 - 473). This is driven by introduction of Centralized Functions concept in 2018 and the subsequent shifting of costs from a combination of departmental O&M costs and corporate cost allocations received in 2017, to CF costs received from 2018.**

- 3.2 Veuillez confirmer que les données se trouvant à la dernière colonne du tableau 7 seraient davantage appropriées pour établir une comparaison avec les données antérieures.

*Traduction : Please confirm that the data in the last column of Table 7 would be more appropriate for comparisons with previous years.*

**Réponse 3.2 :**

**Réponse d'Enbridge :**

**The data in the last column of Table 7 is not suitable for comparisons with previous years. Please note that the data in last column of Table 7 includes the following, which are not part of Table 15:**

- Direct Allocated Costs from EI**
- Direct allocated costs from EGD**
- Non Passing direct Costs Assessments, as conducted by MNP**

**Furthermore, as outlined in our response to question 3.1 above:**

- the underlying benefit allocation methodologies between 2022 and 2018-2021 are different (as explained in rows 482 - 487 in the report).**
- data comparison for costs prior to 2018 is not practical and a straight-line comparison (as explained in rows 464 - 473 in the report).**

3.3 Veuillez identifier pour chacune des années 2015 à 2021 une donnée comparable à celle de 2022 pour la catégorie de service « HR-CA benefits » allocation ou au besoin fournir une mesure comparable alternative pour toutes les années de 2025 à 2022 qui permette d’apprécier l’évolution des « Bénéfices » dans le temps.

*Traduction : Please identify, for every year from 2015 to 2021, data comparable to that for 2022 for the “HR-CA benefits” Service Category allocation or, if applicable, provide a comparable measure for every year from 2025 (sic) to 2022 that would explain the change in “Benefits” over time.*

**Réponse 3.3 :**

**Réponse d’Enbridge:**

**As outlined in our response to questions 3.1 and 3.2 above:**

- **the underlying benefit allocation methodologies between 2022 and 2018-2021 are different (as explained in rows 482 - 487 in the report)**
- **data comparison for costs prior to 2018 is not practical and a straight-line comparison (as explained in rows 464 - 473 in the report)**

**Please see below the following breakdown, which separates HR Benefits from Human Resource and Real Estate Workplace Services (REWS) Functions' costs.**

| <i>HR_CA Central Functions<br/>Allocation<br/>+<br/>HR_CA Benefit Allocation</i> | <b>2018</b>    | <b>2019</b>    | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      |
|--|----------------|----------------|------------------|------------------|------------------|
| Human Resources and REWS   | 367,265        | 532,204        | 821,088          | 1,048,538        | <b>837,272</b>   |
| Benefits   | 505,174        | 367,093        | 641,686          | 669,490          | <b>1,463,804</b> |
|  | <b>872,439</b> | <b>899,297</b> | <b>1,462,774</b> | <b>1,718,028</b> |                  |

**Please note the following:**

- **As noted in the report (rows 474 - 481) - the major components of Benefits (e.g., Stock Based Compensations (SBC), Pensions, Short Term Incentive Plan(STIP) ) are dependant on few factors, including external ones (e.g. share prices, interest rates) - which result in fluctuations year on year.**
- **As noted in the report (rows 489 - 490) - one of the factors for the 2022 increase vs. previous years (2019+) is SBC /STIP true up for higher performance – the whole true up amount (including true up for "Direct Benefits") was booked into HR.**
- **As noted in the report (rows 491 - 498) - the volume and nature of benefits may undergo changes from year on year, as per Enbridge's Benefits Policy, which is consistent for all Enbridge entities.**

**- As noted in the report (rows 498 - 501) - Human Resources and REWS have demonstrated relative consistency year on year from 2020. Please note that other than inflationary-driven changes – there also have been specific events contributing to volume of services, such as the impacts of COVID-19.**

3.4 Relativement aux références (ii) et (iii), veuillez identifier les principaux déterminants de la croissance des coûts unitaires de Gazifère pour la catégorie de service Ressource humaine par FTE entre 2015 (2 454\$/FTE) et 2022 (7 121\$/FTE) et en identifier l'impact respectif.

*Traduction : Regarding References (ii) and (iii), please identify the key determinants of the increase in Gazifère's unit costs for the Human Resource Service Category by FTE between 2015 (\$2,454/FTE) and 2022 (\$7,121/FTE), and identify the applicable impact*

**Réponse 3.4 :**

**Réponse d'Enbridge :**

**We are not able to provide a comprehensive response to the question. The cost structure in 2015 was different compared to 2018-2022 (as explained in rows 464 - 473 in the report).**

**We would like to highlight, that according to the consultant, overall, 2022 HR costs are “Within the Range” as compared to similar companies, as indicated in Table 12 of the report.**

**Please note that in 2021, we conducted a thorough exercise to refine our drivers, employing a mix of consumption-based and static drivers, aimed at further improving the precision and robustness of our allocation process (e.g. number of HR case volumes attributable to Gazifere, capacity utilization, salaries, headcount, specific time estimates reviewed by Cost Center Owners etc.) As a result, the new allocation methodology ensures more accurate, precise, and fair allocations.**

3.5 Relativement à la référence (viii), veuillez identifier pour chaque catégorie de service les items de coûts (Cost Pool Items) qui ont changé, ont été retirés ou se sont ajoutés entre 2015 et 2018.

*Traduction : Regarding Reference (viii), for each Service Category, please identify the cost pool items that have changed or were deleted or added between 2015 and 2018.*

**Réponse 3.5 :**

**Réponse d'Enbridge :**

**As mentioned above, data comparison for costs prior to 2018 is not practical and a straight-line comparison (as explained in rows 464 - 473 in the report). This is driven by introduction of Centralized Functions concept in 2018 and the subsequent shifting**

**of costs from a combination of departmental O&M costs and corporate cost allocations received in 2017, to CF costs received from 2018**

**In general:**

**In adherence to our methodology, Cost Centres (Cost pool items) that provide “like” services are grouped to form a Service Category. Cost allocation happens at a Service Category level by applying an allocation driver that represents the level of services received by individual Lines of Business.**

**Modifications, deletions, or additions to Cost Centers align with evolving business needs. Enbridge's business development initiatives and occasional organizational changes are instrumental in these adjustments, continually aiming to deliver on stakeholder commitments and uphold corporate values.**

**We also maintain a proactive approach by regularly reviewing Service Categories in collaboration with Cost Center owners to ensure current relevance. Changes to Service Categories are implemented based on rigorous assessments and procedural evaluations. Part of this proactive approach is that our methodology continues to evolve based on feedback received from regulatory audits and rate case applications.**

**While the list of Cost Centers remains subject to periodic modifications, the foundational principles governing our allocation methodology remain the same. These principles encompass consistency, regulatory and tax compliance, simplicity, fairness, transparency, practicality, and accuracy. They underscore the reliability and resilience of our allocation approach.**

**This commitment to foundational principles ensures the enduring robustness and relevance of our allocation methodology amidst dynamic business landscapes and evolving operational needs.**

3.6 Veuillez expliquer la croissance de la dépense de dépréciation entre 2015 et 2018.

*Traduction : Please explain the increase in the depreciation expense between 2015 and 2018.*

**Réponse 3.6 :**

**Réponse d’Enbridge :**

**As mentioned above, data comparison for costs prior to 2018 is not practical and a straight-line comparison (as explained in rows 464 - 473 in the report). This is driven by introduction of Centralized Functions concept in 2018 and the subsequent shifting of costs from a combination of departmental O&M costs and corporate cost allocations received in 2017, to CF costs received from 2018.**

**In general, as mentioned in Table 4 of the MNP report, the majority of depreciation charges are driven by the shared IT assets. As referenced in rows 501-513 of the subject report, it is important to acknowledge that the landscape of IT operations has evolved and continues to evolve. For example, the increased complexities and risks**

**associated with IT (e.g. cybersecurity as evidenced in Colonial Pipeline attack) require a corresponding response and expenditure. Also, the rapid advancements in technology have introduced new avenues of service delivery, e.g., in the realm of cloud-based solutions. As such, the value and consequent depreciation charges deriving from IT assets are increasing.**

- 3.7 Veuillez expliquer la hausse du coût des services financier (Finance) entre 2015 et 2018 et entre 2018 et 2022. Dans chaque cas, veuillez indiquer si le volume de service financier fourni a augmenté et si oui pourquoi. Notamment, veuillez indiquer si la nature et le volume des services offerts à augmenter et le cas échéant pourquoi?

*Traduction : Please explain the increase in the cost of the Finance services provided between 2015 and 2018, and between 2018 and 2022. In each case, please indicate whether the volume of those services increased, and if so, why. In particular, please indicate whether the nature and volume of services provided increased, and if so, why?*

**Réponse 3.7 :**

**Réponse d'Enbridge :**

**For the period 2015-2018, please refer to answer 3.4.**

**2018-2022**

**While the volume of Finance services provided to Gazifere remained relatively similar, please note that in 2021, we conducted a thorough exercise to refine our drivers, employing a mix of consumption-based and static drivers, aimed at further improving the precision and robustness of our allocation process (e.g. allocation based on number of invoices processed attributable to Gazifere, specific time estimates reviewed by Cost Center Owners etc.)**

- 3.8 Veuillez présenter l'évolution des coûts de la catégorie Finance pour EI dans son ensemble et la part de ces coûts alloués à Gazifère sur la période 2015-2022.

*Traduction : Please present the change in costs for the Finance category for EI overall, and the portion of those costs allocated to Gazifère over the 2015-2022 period.*

**Réponse 3.8 :**

**Réponse d'Enbridge :**

**For the period 2015-2018, please refer to answer 3.4.**

**Please see below 2018-2022 requested data for Finance.**

| <i>Finance</i>            | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022*</b> |
|---------------------------|-------------|-------------|-------------|-------------|--------------|
| Total Indirect Cost pool  | 122,529,663 | 121,484,428 | 120,367,888 | 97,901,853  | 136,390,223  |
| Gazifere                  | 302,466     | 327,868     | 353,997     | 480,068     | 474,056      |
| % from total IT Cost pool | 0.25%       | 0.27%       | 0.29%       | 0.49%       | 0.35%        |

*\* Please note that the benefit allocation methodologies vary between 2022 and 2018-2021, detailed in rows 482 - 487 of the report. Some of the benefits are reported under Finance Headcount Cost Centres (HCCs) starting 2022.*

- 3.9 Veuillez expliquer en quoi consiste les services légaux et réglementaires offerts par EI, comment ils complètent ceux offerts par EGD et expliquer la hausse entre 2015 et 2018.

*Traduction : Please explain what the legal and regulatory services offered by EI include, how they complement those offered by EGD, and what accounts for the increase between 2015 and 2018.*

**Réponse 3.9 :**

**Réponse d'Enbridge:**

**Please consult Appendix C (pages 50-51, rows 599-604) of the report for specifics regarding services rendered by the Centralized Legal Function. Please also refer to answer 3.4.**

**Réponse de Gazifère :**

**Pour EDG, veuillez consulter l'annexe D (pages 63, ligne 649) du rapport pour connaître les détails concernant les services rendus par la fonction légale.**

**Afin d'illustrer le support légal offert par EGD notons à titre d'exemple le support offert par le service légal lors d'événements majeurs (comme les inondations) sur le territoire desservi par Gazifère.**

- 3.10 Relativement au passage souligné de la référence (v), veuillez indiquer si les coûts 2022 de la catégorie Information Technology sont comparables ceux des années précédentes. Sinon, veuillez fournir une donnée comparable.



*Traduction : Regarding the section underlined in Reference (v), please indicate whether the 2022 costs for the Information Technology category are comparable to those for the previous years. If not, please provide comparable data.*

**Réponse 3.10 :**

**Réponse d'Enbridge :**

**As correctly outlined by intervenor (and mentioned in our above responses), the benefit allocation methodologies vary between 2022 and 2018-2021, detailed in rows 482 - 487 of the report. Consequently, direct comparison of 2022 IT figures with previous years is not viable.**

**While it is not feasible to isolate the costs specifically related to IT personnel benefits that are consolidated under IT Human Cost Centers (HCCs), Gazifere share of these benefits is roughly total to ~\$100K at a higher level. We believe this will help intervenors in comparing 2022 figures with preceding years.**

3.11 Veuillez présenter l'évolution des coûts de la catégorie Information Technology pour EI dans son ensemble et la part de ces coûts allouée à Gazifère sur la période 2015-2022.

*Traduction : Please present the change in costs for the Information Technology category for EI overall, and the portion of those costs allocated to Gazifère over the 2015 to 2022 period.*

**Réponse 3.11 :**

**Réponse d'Enbridge :**

**For the period 2015-2018, please refer to answer 3.4.**

**Please see below 2018-2022 data for Information Technology. Please note that in 2021, we conducted a thorough exercise to refine our drivers, employing a mix of consumption-based and static drivers, aimed at further improving the precision and robustness of our allocation process.**

| <i>Information Technology</i> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022*</b> |
|-------------------------------|-------------|-------------|-------------|-------------|--------------|
| Total Cost pool               | 266,017,102 | 287,519,779 | 284,435,945 | 292,201,503 | 380,240,232  |
| Gazifere                      | 679,513     | 851,158     | 968,124     | 1,400,637   | 1,603,332    |
| % from total IT Cost pool     | 0.26%       | 0.30%       | 0.34%       | 0.48%       | 0.42%        |

*\* Please note that the benefit allocation methodologies vary between 2022 and 2018-2021, detailed in rows 482 - 487 of the report. Some of the benefits are reported under IT Headcount Cost Centres (HCCs) starting 2022.*

- 3.12 Relativement à la référence (ix), veuillez expliquer comment CF FP&A peut affirmer que les ajustements auraient amené les coûts historiques à un niveau similaire au niveau de 2022 si elle n'est pas en mesure d'effectuer la correction. Veuillez expliquer en quoi consisteraient ces corrections.

*Traduction : Regarding Reference (ix), please explain how CF FP&A can affirm that the adjustments would have brought the historical costs to a level to that of 2022 if it is unable to make the correction. Please explain what those corrections would involve.*

**Réponse 3.12 :**

**Réponse d'Enbridge :**

**As detailed in the report (rows 515 - 519), the adjustments were not processed into the system, as they were deemed immaterial at the EI level. Consequently, CF FP&A affirms that the adjustments would have brought the historical costs to a level similar to that of 2022, as they were calculated but not entered into the system due to their immateriality at EI level.**

**ASSURANCE**

**Question 4 :**

**Références:**

(i) B-0282, p. 23

(ii) B-0283, p. 5

**Préambule:**

(i)

« In 2022, EI changed how it provided Insurance to its affiliates. Previously, EI took out liability coverage for EI and its affiliates as a group and allocated the portion to each of the BUs. In 2022, EI took out liability coverage for each individual business unit and allocated the amounts to each business unit.»

(ii)

« Q.2 : Est-ce que cette nouvelle prime d'assurance est représentative des besoins et des risques propres au Distributeur? »

Réponse Q.2: Oui. Le département d'assurances d'Enbridge a veillé à ce que Gazifère demeure en conformité avec ses obligations légales et autres obligations contractuelles.

Par ailleurs, en disposant d'une franchise beaucoup moins élevée (250K\$ au lieu de 100M\$), Gazifère dispose de contrats d'assurances appropriés eu égard à sa tolérance au risque. »

(iii)

« As Gazifère found their deductibles to be high, EI purchased liability coverage with lower deductibles and higher premiums per instruction from Gazifère, leading to an increase in Insurance costs for Gazifère.»

### Questions :

- 4.1 Relativement à la référence (i), veuillez pour chacun des différents risques couverts (biens et immeubles, responsabilité civile, etc.) comparer les variables suivantes entre Gazifère et les autres Business Units (« BU ») :
- Niveau de couverture
  - Déductible
  - \$ de déductible par \$ de revenu
  - \$ de déductible par \$ d'actif.

*Traduction : Regarding Reference (i), for each of the different risks covered (assets and buildings, third party liability, etc.) compare the following variables between Gazifère and the other Business Units ("BU"):*

- Coverage
- Deductible
- \$ deductible per \$ revenue
- \$ deductible per \$ assets.

### Réponse 4.1 :

#### Réponse d'Enbridge:

**EI maintains consolidated Property and General Liability policies for the balance of its BU's. The MNP report ([B-0282](#)) has been adjusted to reflect this nuance.**

**In 2022, EI changed the structure of its consolidated insurance programs, to include significant increases in deductibles. Based on these changes, the decision was made to remove Gazifere from the consolidated insurance program maintained by EI as the new deductible levels would effectively mean that Gazifere would be self-insured for both Property and General Liability risk exposures.**

**Gazifere now has dedicated Property and General Liability insurance coverage, separate from EI and its affiliates.**

- 4.2 Pour chaque BU, veuillez indiquer s'il s'agit ou non d'un monopole réglementé.

*Traduction : For each BU, please indicate whether it is a regulated monopoly.*

**Réponse 4.2 :**

**Réponse de Gazifère :**

**Gazifère réfère l'intervenant à la réponse 4.1 de la présente demande de renseignements.**

4.3 Relativement à la référence (ii), veuillez élaborer sur le lien entre, d'une part, les obligations légales et autres obligations contractuelles de Gazifère et, d'autre part, le niveau de la couverture et le niveau du déductible pour les différents risques couverts.

*Traduction : Regarding Reference (ii), please elaborate on the link between, on the one hand, Gazifère's legal and other contractual obligations and, on the other hand, the coverage and deductible for the different risks covered.*

**Réponse 4.3 :**

**Réponse d'Enbridge:**

**In the case of General Liability insurance, the deductible was chosen to align with the deductible applicable to Gazifere when coverage was provided via EI's consolidated General Liability insurance program. Based on benchmarking information provided by Marsh (EI's insurance broker), the limit and deductible applicable to Gazifere's coverage are consistent with gas utilities with similar revenue profiles, while we were advised by our broker that limits more than \$20MM would be increasingly difficult to obtain on a stand-alone basis.**

**In the case of Property insurance, the coverage limit is determined by the maximum foreseeable loss at a single location, based on the statement of values provided to the EI insurance group by Gazifere. At present, the largest single location for Gazifere is a station located at 706 Greber Boulevard in Gatineau, QC, valued at ~\$6,900,000. The deductible was chosen in part to align with the General Liability deductible noted above.**

**Finally, based on historical information, Gazifere has not experienced a General Liability or Property claim more than \$250,000.**

- 4.4 Veuillez indiquer comment Gazifère a déterminé les niveaux appropriés de couverture et de déductible dans sa situation. Veuillez élaborer sur les variables qui ont été considérées et les analyses réalisées.

*Traduction* : Please indicate how Gazifère determined the appropriate coverage and deductible in its situation. Please elaborate on the variables considered and the analyses conducted.

**Réponse 4.4 :**

**Réponse d'Enbridge:**

**Please refer to answer 4.3.**

- 4.5 Veuillez indiquer quels sont les déterminants du niveau de tolérance au risque de Gazifère et élaborer sur ce niveau de tolérance.

*Traduction* : Please indicate the determinants of Gazifère's level of risk tolerance and elaborate on that level of tolerance.

**Réponse 4.5 :**

**Réponse d'Enbridge:**

**As it relates to the standalone General Liability insurance program implemented for Gazifere:**

- **The deductible is consistent with the deductible applicable to Gazifere when coverage was provided via the consolidated General Liability maintained by EI. In addition, as outlined in our response to 4.3, the deductible level is consistent with benchmarking information provided by Marsh**
- **The limit of coverage is a function of market availability of standalone General Liability insurance coverage for Gazifere's operations**

**As it relates to the standalone Property insurance program implemented for Gazifere, the response to 4.3 above outlines the basis for the limit and deductible levels.**

- 4.6 Relativement à la référence (iii), veuillez indiquer si EI a demandé des propositions pour des niveaux de couverture et/ou des déductibles différents de 250 000\$ eu égard à l'assurance de Gazifère.

*Traduction* : Regarding Reference (iii), please indicate whether EI requested proposals for coverage and/or deductible levels other than \$250,000 for Gazifère's insurance.

**Réponse 4.6 :**

**Réponse d'Enbridge:**

**No, EI has not requested or received alternate proposals.**

- 4.7 Veuillez indiquer si EI a obtenu des propositions pour des niveaux de couverture et/ou des déductibles différents de 250 000\$ eu égard à l'assurance de Gazifère. Si oui, veuillez produire cette information et incluant les niveaux de couverture et de déductible et le coût de l'assurance pour chaque risque couvert.

*Traduction : Please indicate whether EI obtained proposals for coverage and/or deductible levels other than \$250,000 for Gazifère's insurance. If yes, please provide that information, being sure to include the coverage and deductible levels and the cost of insurance for each risk covered.*

**Réponse 4.7 :**

**Réponse d'Enbridge:**

**Please refer to answer 4.6.**

- 4.8 Veuillez indiquer quel serait l'impact sur le coût de l'assurance d'un rehaussement du déductible à 1 M\$. Au besoin veuillez demander une proposition de l'assurance à cet effet.

*Traduction : Please indicate the cost impact of raising the deductible to \$1 M. If necessary, request a proposal in that regard.*

**Réponse 4.8 :**

**Réponse d'Enbridge:**

**Increasing the deductible applicable to Gazifere's General Liability and Property insurance programs would result in approximately \$45,000 and \$27,000 in savings respectively when compared to current premiums.**

- 4.9 Veuillez indiquer qui de l'actionnaire ou des clients absorbera le coût du déductible le cas échéant? Veuillez élaborer sur les différents scénarios à cet égard et indiquer si Gazifère envisage de demander un CFR dans une telle éventualité.

**Réponse 4.9 :**

**Réponse de Gazifère :**

**Dans le cas d'une réclamation aux assurances, ce sont les clients qui assument le coût du déductible soit via le processus d'auto-assurance ou par le biais de tout autre véhicule réglementaire jugé adéquat et nécessaire au besoin.**

**Gazifère dispose d'un compte d'auto-assurance qui permet un traitement différé réglementaire de ce type de dépense. Ce compte permet au distributeur d'amortir sur 5 ans les dépenses admises dans ce compte. Ainsi, dans une situation où le déductible de 250 000\$ devrait être défrayé, un montant approximatif de 50 000\$ serait inclus dans les tarifs des clients pendant cinq ans et suivant une autorisation de la Régie.**

4.10 Veuillez indiquer le nombre d'évènements qui auraient mené à une réclamation si la franchise avait été de 250 000\$ au cours des dix dernières années?

**Réponse 4.10 :**

**Réponse de Gazifère :**

**Aucun.**

4.11 Veuillez indiquer le nombre d'évènements qui auraient mené à une réclamation si la franchise avait été de 1 000 000\$ au cours des dix dernières années?

**Réponse 4.11**

**Réponse de Gazifère :**

**Aucun.**

**PROCESSUS D'ALLÈGEMENT RÉGLEMENTAIRE :**

**Références:**

(i) B-0281, p. 8

(ii) B-0281, p. 9

**Préambule:**

(i)  
« Pondération : Le distributeur propose d'appliquer une pondération de 55% sur l'évolution des salaires et une pondération de 45% sur les autres types de dépenses. Cette répartition est représentative de la nature des dépenses réglementées chez Gazifère<sup>10</sup>.

...

<sup>10</sup> Pour effectuer son calcul Gazifère s'est appuyé sur la pièce B-0170. »

(ii)

« C. Inflation basée sur la croissance du nombre de clients

Gazifère estime également nécessaire d'utiliser la croissance du nombre de clients comme inducteur de la croissance des charges d'exploitation. Gazifère propose donc d'inclure la croissance réelle du nombre de clients dans son calcul du taux d'inflation à appliquer au point de départ des dépenses d'exploitation.

Cette fonction sera par ailleurs ajustée d'un facteur d'escompte de 0.75 appliqué sur la croissance du nombre de clients et permettant de retenir une part de coûts fixes de 25 % et une part de coûts variables de 75 % de l'ensemble des charges d'exploitation.

Le facteur d'escompte proposé est par ailleurs conforme à celui présentement retenu dans le cadre de l'indicateur permettant d'évaluer le caractère raisonnable des dépenses d'exploitation de Gazifère<sup>11</sup> et dans le cadre de la formule paramétrique d'Énergir<sup>12</sup>. »

#### **Questions :**

5.1 Relativement à la référence (i), veuillez déposer le calcul effectué à partir de la pièce B-0170 et ayant mené à la pondération proposée.

#### **Réponse 5.1 :**

##### **Réponse de Gazifère :**

**Gazifère réfère l'intervenant à la réponse 4.1 de la pièce GI-82, document 1.1**

5.2 Veuillez indiquer si, selon Gazifère, le facteur d'escompte de 0.75 représente adéquatement sa propre structure de coûts.

#### **Réponse 5.2 :**

##### **Réponse de Gazifère :**

**Gazifère réfère l'intervenant à la réponse 5.2 de la pièce GI-82, document 1.1**

5.3 Veuillez élaborer sur la nature des charges d'exploitation marginales fixes associées à l'ajout d'un client dans sa franchise.

#### **Réponse 5.3 :**

##### **Réponse de Gazifère :**

**Gazifère réfère l'intervenant à la réponse 5.2 de la pièce GI-82, document 1.1**



5.4 Veuillez élaborer sur la nature des charges d'exploitation marginales variables associées à l'ajout d'un client dans sa franchise.

**Réponse 5.4**

**Réponse de Gazifère :**

**Gazifère réfère l'intervenant à la réponse 5.2 de la pièce GI-82, document 1.1**