ENBRIDGE

Vanessa Innis
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Enbridge Gas Inc.
P. O. Box 2001
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Chatham, ON N7M 5M1

January 27, 2023

VIA RESS AND EMAIL

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Nancy Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2022-0200 - 2024 Rebasing – Evidence Corrections and Updates

On October 31, 2022 Enbridge Gas filed an application with the OEB seeking approval for changes to the rates that Enbridge Gas charges for the distribution, transportation and storage of natural gas. The application was filed in two parts. The majority of the evidence was filed on October 31, 2022. The balance of the evidence was filed on November 30, 2022.

The purpose of this letter is threefold: 1) To provide corrections to evidence that were discovered subsequent to Enbridge Gas filing its evidence; 2) To provide updates to certain aspects of Enbridge Gas's evidence related to Pension Costs and Demand Side Management (DSM); and 3) To provide the US GAAP exemption decision from the Alberta Securities Commission and Ontario Securities Commission pursuant to Enbridge Gas's commitment in its pre-filed evidence in this proceeding.

1) Evidence Corrections

Three errors were discovered subsequent to the Company filing its evidence in this proceeding. The first error relates to depreciation expense, the second relates to rate base and accumulated depreciation and the third relates to capital expenditures and revenues. Table 1 provides a summary of the source of the error, the impact of the error and the impact on the 2024 Test Year Forecast revenue requirement of correcting for the error.

Table 1

Item		Error and Impact	2024 Test Year Revenue Requirement Impact of Correction ($ millions)
i)	Depreciation Expense	EGD rate zone service assets were not properly segregated between metallic services and plastic services for the 2024 Test Year forecast of depreciation expense. All EGD rate zone services were forecast as metal services. Since the depreciation rate on metal services is higher than the depreciation rate on plastic services, the 2024 Test Year forecast depreciation expense is overstated by $28.3 million. This is also reflected in the rate base continuity schedules resulting in the 2024 Test Year forecast rate base being understated.	(37.7)
ii)	Rate Base & Accumulated Depreciation	An error in the 2022 Estimate of accumulated depreciationflowed through to the 2023 Bridge Year and 2024 Test Year forecast rate base amounts. As a result the 2024 Test Year forecast accumulated depreciation is overstated by $103.5 million and the 2024 Test Year forecast of rate base is understated.	6.6
iii)	Capital Expenditures & Revenues	Certain RNG projects were treated incorrectly when developing the 2023 Bridge Year and 2024 Test Year Budgets. One project was budgeted as a capital expenditure when it should have had a contribution in aid of construction. This resulted in an overstatement of capital expenditures in the 2023 Bridge Year and the 2024 Test Year. Station payments for certain RNG projects were calculated incorrectly resulting in an understatement of Transportation Revenues for the 2023 Bridge Year and 2024 Test Year.	(4.0)

2) Evidence Updates

Pension Costs

The Company is updating the proposed 2024 Test Year Forecast pension and OPEB (other post-retirement benefits) costs to reflect the latest valuation from Mercer Canada Limited. A description of this update is provided at Attachment 1.

The Company is also requesting that an additional variance account be approved as part of this Application. Enbridge Gas is proposing to establish (in addition to the new deferral and variance accounts set out at Exhibit 9, Tab 1, Schedule 3) a Post-Retirement True Up Variance Account (PTUVA) effective January 1, 2024. Pursuant to the Filing Requirements for Natural Gas Rate Applications (Filing Requirements) a new deferral or variance account request must be accompanied by evidence on how the eligibility criteria for these accounts will be met. Attachment 1 provides justification for the PTUVA and how the Filing Requirement eligibility criteria will be met. Attachments 2 and 3 set out the updated pension and other post-employment cost projections referred to in Attachment 1. Attachment 4 sets out the proposed accounting order for the PTUVA.

DSM

On November 15, 2022 the OEB issued its Decision and Order (DSM Decision) for the EB-2021-0002 proceeding. That proceeding related to Enbridge Gas's application for a multi-year natural gas DSM plan for the years 2022 to 2027. In its Decision and Order the OEB made certain adjustments to Enbridge Gas's proposed DSM expenditures.

Table 2 provides a summary of the Pension and DSM updates, the impact of the update and the impact on the 2024 Test Year forecast revenue requirement of the update.

Table 2

Item		Update Impact	2024 Test Year Revenue Requirement Impact of Update ($ millions)
iv)	Pension Costs	Relative to pension and OPEB costs included in the pre-filed evidence, the final 2022 year end pension and OPEB valuation is forecasting a change to pension expense as a result of changes in market conditions.	37.8
v)	DSM	The DSM Decision made certain adjustments to the Company's proposed DSM budgets over the term of the multi-year DSM plan resulting in an increase to DSM expenditures in the 2024 Test Year.	26.2

Deficiency Reconciliation – Pre-Filed Versus Updated

Table 3 provides a reconciliation between the revenue deficiency provided in Enbridge Gas's pre-filed evidence and the revenue deficiency incorporating the corrections and updates outlined above. The revenue requirement impacts identified in Table 1 and Table 2 translate directly to impacts to the 2024 Test Year revenue deficiency forecast.

Table 3

Deficiency	Correction/Update	Impact ($ millions)
Deficiency as Filed		265.1
	i) Depreciation Expense	(37.7)
	ii) Rate Base & Accumulated Depreciation	6.6
	iii) Capital Expenditures & Revenues	(4.0)
	iv) Pension Costs	37.8
Subtotal		267.8
	v) DSM	26.2
Updated Deficiency		294.1

3) US GAAP Exemption

As indicated at Exhibit 1, Tab 8, Schedule 2, Enbridge Gas has authorization from the Alberta Securities Commission and the Ontario Securities Commission (the Commissions) to use US GAAP for financial reporting purposes until January 1, 2024. In that same Exhibit Enbridge Gas also indicated that it intended to file an application with the Commissions to extend the use of US GAAP for financial reporting purposes and that it would file, with the OEB, a decision from the Commissions in that regard when received. Attachment 5 sets out the Commissions' decision which indicates that Enbridge Gas can continue to use US GAAP for financial reporting purposes until January 1, 2027.

Corrected and Updated Evidence

Enbridge Gas is providing with this letter two updates to numerical information included in the pre-filed evidence. Attachment 6 sets out an update to Table 1 from Exhibit 6, Tab 1, Schedule 1. This table provides annual (Deficiency)/Sufficiency calculations incorporating the corrections and updates outlined above. Attachment 7 sets out an update to Exhibit 6, Tab 1, Schedule 2, Attachment 1. This Exhibit provides the total revenue deficiency, required rate of return, net utility income and utility rate base incorporating the corrections and updates outlined above.

Enbridge Gas will file complete evidence corrections and updates for the Exhibits impacted by the corrections and updates identified in this letter when it files responses to interrogatories on March 8, 2023. The interrogatory responses filed at that time will be answered on the basis of the corrected and updated evidence.

Should you have any questions, please let us know.

Sincerely,

[Original Signed By Joel Denomy on behalf of Vanessa Innis]

Vanessa Innis
Manager, Strategic Applications – Rate Rebasing

Pension Costs

As part of its regular financial reporting process, Enbridge Gas obtains periodic projections of pension and other post-employment benefits (OPEB) from its actuary, Mercer Canada Limited (Mercer). Each set of projections is based on data, market value of plan assets and actuarial assumptions to model a single scenario, similar to Mercer's estimate of Enbridge Gas's pension and OPEB costs and cash funding requirements for 2022 to 2024 in Exhibit 4, Tab 4, Schedule 2, Attachment 1.

Table 1 presents the 2024 pension and OPEB costs and related revenue requirement impacts estimated at different measurement dates throughout 2022. The pension and OPEB cost projections for 2024 per Mercer's latest valuation differ materially from the projected costs that were included in the 2024 Test Year Forecast. Enbridge Gas proposes to update the 2024 Test Year forecast to reflect the pension and OPEB cost estimates per Mercer's latest valuation.[1] Mercer's latest valuation can be found at Attachment 3 and the revenue requirement impacts of this valuation are provided in Table 1, below, at Line 3.

Mercer's latest valuation is expected to be more representative of the actual costs that will be incurred in 2024 because they reflect the current economic environment and actual asset performance to date. This update results in a $28.9 million increase in forecasted 2024 Operating & Maintenance costs, and a $38.8 million increase in the 2024 Test Year revenue requirement ($37.8 million after unregulated storage allocations).

Table 1
2024 Pension and OPEB Projections

Line No.	Particulars ($ millions)	Accrual Expense / (Credit)	Cash Contributions	Revenue Requirement Impact
1	Prepared in May 2022, primarily based on economic environment as at April 30, 2022 (1)	(30.5)	15.6	(47.1)
2	Prepared in October 2022, primarily based on economic environment as at August 31, 2022 (2)	4.2	16.1	(0.1)
3	Prepared in January 2023, primarily based on economic environment as at November 30, 2022 (3)	(1.6)	16.9	(8.3)

Notes

[1] The 2023 Bridge Year Forecast has also been updated for comparability.

(1) EB 2022-0200 Exhibit 4, Schedule 4, Tab 2, Attachment 1

(2) See Attachment 2 to Enbridge Gas's January 27, 2023 letter regarding evidence corrections and updates

(3) See Attachment 3 to Enbridge Gas's January 27, 2023 letter regarding evidence corrections and updates

Post-Retirement True Up Variance Account (Account No. 179-327)

Enbridge Gas proposes to establish the Post-Retirement True-Up Variance Account (PTUVA) to record the difference between the revenue requirement impact of actual pension and OPEB costs and the revenue requirement impact of pension and OPEB costs included in rates.

The economic volatility experienced throughout 2022 resulted in significant fluctuations in projected pension costs. Volatility and uncertainty in elements that ultimately impact pension costs, such as inflation and interest rates, could persist through 2023 (and possibly beyond). To mitigate the risk of material changes in pension costs, Enbridge Gas is proposing to establish the PTUVA to protect both ratepayers and Enbridge Gas from revenue requirement variances between actual and forecast pension and OPEB accrual and cash-based amounts. The variance account would ensure Enbridge Gas recovers no more or less than the revenue requirement impact of actual pension and OPEB related amounts during each year.

Enbridge Gas has assessed the causation, materiality, and prudence of the proposed PTUVA:

a) Causation – Any variances recorded in the proposed variance account will reflect the difference between the actual and 2024 Test Year Forecast pension and OPEB related revenue requirement. As such, this revenue requirement variance is outside the base upon which rates are derived.

b) Materiality – Given the volatility and uncertainty in economic and market conditions, it is anticipated that the difference between the actual pension and OPEB revenue requirement and the 2024 Test Year forecast amount included in rates will exceed the $1 million materiality threshold for establishment of new deferral and variance accounts.

c) Prudence – The proposed variance account ensures Enbridge Gas recovers no more and no less than the revenue requirement impact of actual pension and OPEB related amounts during the year.

Mercer

welcome to brighter

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Private & Confidential

Jason Vinagre
Manager Regulatory Accounting
Enbridge Gas Inc.
500 Consumers Road
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16 December 2022

Subject: Enbridge Gas Inc. Updated 2024 Forecasts – Reflecting Enbridge's Preliminary Year-end 2022 Financial Reporting

At the request of Enbridge Gas Inc. (the "Company"), we have prepared updated estimates of the Company's share of:

- Enbridge Inc.'s net periodic benefit costs ("accrual costs") and (minimum) cash requirements for fiscal years 2022 to 2024, and
- Enbridge Inc.'s projected balance sheet and accumulated other comprehensive income ("AOCI") for the fiscal years ending 2021 to 2023,

for the pension and benefit plans in which the Company participates. The results in this letter supplement those provided in our report *EGI Pension and Benefit Plans Estimated 2022-2024 Net Periodic Benefit Costs* dated May 2022 (the "Report"). The Report is incorporated by reference into this letter, and is essential to understanding these results.

In the Report, the original forecast results prepared for the Company were based on the economic environment as at April 30, 2022. The purpose of this letter is to provide updated forecasts that are consistent with Enbridge's preliminary year-end financial reporting, which is primarily based on the economic environment as at August 31, 2022. As part of Enbridge Inc.'s regular annual financial reporting process, preliminary accounting results for the following year are prepared in mid-October. The results in this letter align with the actuarial assumptions and asset data used for the preliminary year-end reporting. Additional details on the accounting assumptions and methodology used in these projections, which differ from the Report, are provided in Appendix A.

Methodology

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for financial reporting purposes forward to each of the years ending 2022 through 2023. The purpose of these projections is to estimate the accounting costs for 2023 through 2024. The projected balance sheet and accumulated other comprehensive income for the fiscal years ending 2021 to 2023, and the corresponding US GAAP accrual costs for the plans over 2022 – 2024 are provided in Appendix B.

We have also projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for funding purposes forward to each of the years ending 2023 through 2024. The forecasted actuarial valuations reflect funding discount rates and provisions for adverse deviations applicable as at July 31, 2022[1]. The projected assets are the same as those used in the updated accounting estimates. The purposes of these projections is to estimate the Company's share of the minimum cash funding requirements of the plans for 2022 through 2024. These results are summarized in Appendix C.

Important Notices

We understand this letter may be provided to the Ontario Energy Board (the "OEB") in conjunction with the Company's application for recovery of pension and benefit costs from ratepayers. 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 valuation results shown in the Report, and are subject to the same Important Notices and qualifications described in the Report except as specifically noted in this letter. The Report is incorporated by reference into this letter, and is essential to understanding these results. If you do not have a copy of the Report, please let us know immediately.

These results are based on the same actuarial assumptions used in the Report, except as specifically noted in Appendix A. Our extrapolations reflect 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 condition or their ability to pay benefits in the future. The actuarial methods used in this letter are the same as the Report.

The results shown in this letter are based on the same membership data used in the Report.

To prepare this letter, Mercer has used and relied on financial data submitted as at August 31, 2022 by CIBC Mellon without further audit. The asset data was projected to the measurement date with expected cash flows and a 0% net rate of return for the period between August 31, 2022 and December 31, 2022.

The results shown in this letter are based on the same plan provisions as those used in the Report.

The results shown in this letter include projections of plan assets, plan liabilities, and financial reporting accrual costs to a date that is after the date of this letter. Such projections are sensitive to many factors that are unknowable at this time, including (but not limited to) the level of market interest rates, investment performance on the pension funds to the projection date, and other demographic and economic experience over the projection period. As a result, actual amounts in future years will be different from those projected and these differences may be significant or material. Factors such as plan amendments, legislative changes or changes in accounting standards may also be relevant in some cases.

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[1] The long-term expected return on assets assumptions used for the preliminary financial reporting are also developed based on capital market assumptions as at this date. To be internally consistent the funding discount rates are calculated at the same date. Using funding discount rates as at August 31, 2022 would not change the forecasted minimum funding requirements in this letter.

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

Sincerely,

Scott Thompson, FCIA, FSA

December 16, 2022
Date

Edith Samuels, FCIA, FSA

December 16, 2022
Date

Jesse Little, FCIA, FSA

December 16, 2022
Date

Ken Chin, FCIA, FSA

December 16, 2022
Date

Copy:
Robert Rutitis, Elena Chang – Enbridge Gas Inc.
Tyler Brady – Enbridge Inc.
Ben Ukonga– Mercer (Canada) Limited

Appendix A - Methods and Assumptions

Valuation of Plan Assets

To prepare this report, Mercer has used and relied on financial data submitted as at August 31, 2022 by CIBC Mellon without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

For purposes of these estimates, we have projected the market values to each year end. In 2022, we have reflected the actual investment experience from January 1, 2022 to August 31, 2022, and projected the assets to December 31, 2022 using 0% return from September 1, 2022 to December 31, 2022. For projections after December 31, 2022, we have used Enbridge Inc.'s best estimates of annual net asset returns. The rates of return reflected in our projections are as follows:

	Actual asset return (net of all expenses, not annualized)	Estimated asset return (net of all expenses)	
Plan	From January 1, 2022 to August 31, 2022	From September 1, 2022 to December 31, 2022	Annual estimated returns after December 31, 2022
EI RPP	-5.63%	0.00%	7.10%
EGD RPP	-4.38%	0.00%	6.70%
Pension Choices	-6.02%	0.00%	6.60%
EI SPP	-10.56%	0.00%	4.80%
M&S Plan	-11.76%	0.00%	5.00%
Salaried Plan	-11.77%	0.00%	5.00%
BU Plan	-11.76%	0.00%	5.00%
G1 Plan	-11.84%	0.00%	5.00%
G3 Plan	-11.83%	0.00%	5.00%
EGD SERP	-6.95%	0.00%	3.00%
EGD SSERP	-6.99%	0.00%	3.00%

Estimated future cash flows, including minimum funding contributions have been incorporated into our projections.

Actual assets over year-ends 2022 through 2023 will differ from these estimates.

Actuarial Assumptions – Accounting Basis

The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the net periodic benefit cost for the following year. The actuarial assumptions used in this letter are the same as the Report, except as explicitly noted below. The assumption changes disclosed are for projected December 31, 2022 and 2023 year-ends and the following year's expense:

	Assumptions reflected in this letter		Assumptions previously reflected in the Report	
Plan:	**Effective discount rate for benefit obligations**	**Effective rate of interest on benefit obligations**	**Effective discount rate for benefit obligations**	**Effective rate of interest on benefit obligations**
• EGD RPP	4.96%	4.90%	4.91%	4.54%
• EI RPP	4.96%	4.92%	4.99%	4.67%
• EI SPP	4.96%	4.91%	4.92%	4.58%
• Pension Choices Plan	4.96%	4.91%	4.93%	4.57%
• M&S Plan	4.95%	4.88%	4.71%	4.37%
• BU Plan	4.95%	4.88%	4.78%	4.38%
• Salaried Plan	4.95%	4.88%	4.78%	4.37%
• G1 Plan	4.95%	4.89%	4.82%	4.44%
• G3 Plan	4.95%	4.89%	4.81%	4.42%
• EGD SERP	4.95%	4.84%	4.75%	4.35%
• EGD SSERP	4.88%	4.77%	4.43%	4.08%
• LSE SERP	4.95%	4.89%	4.82%	4.43%
• EGD OPEB	4.96%	4.91%	4.93%	4.58%
• Spectra OPEB	4.96%	4.90%	4.90%	4.54%
Plan:	**Effective discount rate for current service cost**	**Effective rate of interest on current service cost**	**Effective discount rate for current service cost**	**Effective rate of interest on current service cost**
• EGD RPP	5.03%	5.02%	5.08%	4.92%
• EI RPP	4.96%	4.91%	5.06%	4.83%
• EI SPP	4.97%	4.93%	5.02%	4.81%
• Pension Choices Plan	4.95%	4.95%	5.06%	4.91%
• Legacy Spectra Closed Plans	N/A	N/A	N/A	N/A
• EGD SERP, EGD SSERP and LSE SERP	N/A	N/A	N/A	N/A
• EGD OPEB	4.96%	4.96%	5.09%	5.00%
• Spectra OPEB	4.96%	4.96%	5.08%	4.99%

Expected long-term rate of return on assets:		
• EGD RPP	6.70% per year	7.10% per year
• EI RPP	7.10% per year	7.60% per year
• EI SPP	4.80% per year	5.10% per year
• Pension Choices Plan	6.60% per year	7.00% per year
• M&S, Salaried Plan, BU Plan, G1 and G3	5.00% per year	5.60% per year
• EGD SERP & SSERP	3.00% per year	3.30% per year
Post-retirement indexation	Based on the contractual indexation provisions of the applicable plan and assumed inflation of 3.90% in 2023, trending down to 2.00% per year for 2027 and after Actual 2022 contractual inflationary increase rates were available and reflected in the projected benefit payments	Based on the contractual indexation provisions of the applicable plan and assumed inflation of 4.50% in 2022, trending down to 2.00% per year for 2026 and after
Actuarial basis for benefits to be settled through a lump sum:	Discount rate: 4.25% Mortality rates: CPM2014 with fully generational improvements using CPM-B	Discount rate: 3.50% Mortality rates: CPM2014 with fully generational improvements using CPM-B

Rationale for significant economic and demographic assumptions selected with the advice of the actuary

A rationale for each of the significant economic assumptions used to measure pension obligations which has changed from the Report is provided below:

- The discount rate was derived from the Mercer model. The Mercer model is based on actual AA corporate bond yield data for short term yields and extrapolated data for longer terms. Under the Mercer model, the Plans' projected benefit payments are matched against a series of spot rates derived from a yield to maturity curve.

- A short-term load has been included with the inflation assumption. The initial load is derived from prevailing inflation rates that are currently exceeding the Bank of Canada ("BoC") target range. The duration of the load, and convergence back to the 2% long-term assumption, is based on statements from the BoC, as well as other macroeconomic forecasts, which expect inflation to persist at elevated levels over the short-term before returning to the 2% BoC target within a few years.

- The cost of future lump sums will depend on the level of market interest rates at the time the lump sum is paid and any changes in the applicable actuarial standards for the determination of pension plan commuted values. The assumed cost of future lump sums is based on the average expected level of market interest rates over the period during which lump sums are expected to be paid, taking into account market conditions on the valuation date.

Assessment of reasonableness for significant economic and demographic assumptions not selected with the advice of the actuary

The expected rate of return on plan assets is selected by Enbridge Inc. To assess the reasonableness of this assumption, we compared the selected assumption to the range of acceptable values for the assumption. Specifically:

- A reasonable range for the expected rate of return on plan assets for each plan is based on:
  - The values between the 35th percentile and 65th percentile of simulated investment returns using estimated returns for each major asset class consistent with market conditions on the valuation date, the expected time horizon over which benefits are expected to be paid, and the target asset mix specified in the Plans' 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 as 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 expenses determined as the average rate of expenses paid from the fund over the last three years.

The selected expected return on plan assets for each plan falls within the above reasonable range.

Actuarial Assumptions – Going Concern Basis

The present value of future benefit payment cash flows is based on economic and demographic assumptions. The actuarial assumptions used in this letter are the same as the Report, except as explicitly noted below.

Assumption	Determined as at July 31, 2022
Discount rate:	
• EGD RPP	6.55% per year
• EI RPP	6.90% per year
• EI SPP	4.80% per year
• Pension Choices Plan	6.50% per year
• Legacy Spectra Closed Plans	5.30% per year
• EGD SERP and EGD SSERP	3.00% per year

The assumptions are best-estimate and do not include a margin for adverse deviations.

Provision for Adverse Deviations

The provision for adverse deviations has been established in accordance with Ontario regulations as at July 31, 2022 taking into account the following parameters:

Provision for Adverse Deviations	EGD RPP	EI RPP	Pension Choices Plan	Legacy Spectra Closed Plans
i) 5.0% for a closed plan and 4.0% for a plan that is not a closed plan	5.00%	4.00%	5.00%	5.00%
ii) Provision based on combined target asset allocation for non-fixed Income assets	6.00%	4.50%	6.00%	4.00%
iii) Adjustment for expected returns in excess of the Benchmark Discount Rate	0.68%	2.66%	0.60%	0.00%
Provision for Adverse Deviations (i. + ii. + iii.)	11.68%	11.16%	11.60%	9.00%

Actuarial Assumptions – Hypothetical Wind-up Basis

A hypothetical wind-up valuation was performed only for the EI RPP. The actuarial assumptions and methods used in this letter are the same as the Report, except as explicitly noted below:

The assumptions are as follows:

Basis for Benefits Assumed to be Settled Through a Lump Sum	
Non-indexed interest rates:	3.80% per year for 10 years, 4.30% per year thereafter
Inflation rates:	1.80% per year for 10 years, 1.80% per year thereafter
Basis for Benefits Assumed to be Settled Through the Purchase of an Annuity	
Non-indexed interest rate:	4.50% per year (based on a duration of 13.2)
Partially-indexed interest rate:	2.57% per year, applicable to benefits subject to contractual post-retirement indexing
Other Assumptions	
Maximum pension limit:	$3,420.00 in 2022 increasing at 2.80% per year for 10 years, 2.80% per year thereafter

Appendix B – Financial Reporting Results

Projected future accrual costs

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for financial reporting purposes forward to each of the years ending 2022 through 2023. The purpose of these projections is to estimate the accounting costs for 2023 through 2024. The projections are based on the economic environment as at August 31, 2022 and assumptions described in Appendix A. **The actual economic environment as at each of the years ending 2022 through 2023 and actual plan experience over this period may differ significantly from these assumptions.**

The projected balance sheet and accumulated other comprehensive income for the fiscal years ending 2021 to 2023 are summarized below.

Company's Share US GAAP ('000s)	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
December 31, 2021								
Fair value of plan assets	161,408	1,187,366	578,449	179,522	169,633	75,041	10,492	10,678
Benefit obligation	211,785	1,097,187	605,735	156,840	139,053	61,785	9,023	8,371
Funded status (plan assets less benefit obligations)	**(50,377)**	**90,179**	**(27,286)**	**22,682**	**30,580**	**13,256**	**1,468**	**2,308**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	13,618	(214,077)	(55,476)	(3,051)	(1,276)	(2,320)	(226)	(440)
Accumulated other comprehensive income (loss)	13,618	(214,077)	(55,476)	(3,051)	(1,276)	(2,320)	(226)	(440)
Accumulated contributions in excess of net periodic benefit cost	(63,995)	304,255	28,191	25,733	31,856	15,576	1,694	2,748
Net amount [surplus (deficit)] recognized in statement of financial position	(50,377)	90,179	(27,286)	22,682	30,580	13,256	1,468	2,308
December 31, 2022								
Fair value of plan assets	198,248	1,082,717	518,553	148,028	140,478	61,941	8,843	9,043
Benefit obligation	202,800	901,022	470,103	126,187	110,887	49,625	7,176	6,557
Funded status (plan assets less benefit obligations)	**(4,551)**	**181,695**	**48,450**	**21,841**	**29,591**	**12,316**	**1,668**	**2,486**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	69,681	(156,849)	(284)	(8,721)	(7,095)	(5,388)	(311)	(574)
Accumulated other comprehensive income (loss)	69,681	(156,849)	(284)	(8,721)	(7,095)	(5,388)	(311)	(574)
Accumulated contributions in excess of net periodic benefit cost	(74,232)	338,543	48,734	30,562	36,685	17,703	1,979	3,060
Net amount [surplus (deficit)] recognized in statement of financial position	(4,551)	181,695	48,450	21,841	29,591	12,316	1,668	2,486
December 31, 2023								
Fair value of plan assets	221,113	1,098,921	525,664	144,450	137,660	60,586	8,751	8,989
Benefit obligation	251,822	893,570	466,598	121,451	106,511	47,627	6,997	6,376
Funded status (plan assets less benefit obligations)	**(30,710)**	**205,350**	**59,066**	**23,000**	**31,149**	**12,959**	**1,754**	**2,613**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	73,081	(153,531)	(448)	(8,797)	(7,143)	(5,418)	(315)	(578)
Accumulated other comprehensive income (loss)	73,081	(153,531)	(448)	(8,797)	(7,143)	(5,418)	(315)	(578)
Accumulated contributions in excess of net periodic benefit cost	(103,790)	358,882	59,514	31,797	38,292	18,377	2,070	3,191
Net amount [surplus (deficit)] recognized in statement of financial position	(30,710)	205,350	59,066	23,000	31,149	12,959	1,754	2,613

Company's Share US GAAP ('000s)	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
December 31, 2021							
Fair value of plan assets	14,927	8,075	19,766	-	-	2,415,357	2,415,357
Benefit obligation	14,815	3,438	22,371	54,968	156,706	2,385,371	2,542,077
Funded status (plan assets less benefit obligations)	**113**	**4,638**	**(2,605)**	**(54,968)**	**(156,706)**	**29,988**	**(126,718)**
Prior service credit (cost)	-	-	-	-	(275)	-	(275)
Net gain (loss)	(4,197)	22	(389)	(11,867)	12,038	(279,679)	(267,641)
Accumulated other comprehensive income (loss)	(4,197)	22	(389)	(11,867)	11,763	(279,679)	(267,916)
Accumulated contributions in excess of net periodic benefit cost	4,309	4,616	(2,215)	(43,101)	(168,469)	309,667	141,198
Net amount [surplus (deficit)] recognized in statement of financial position	113	4,638	(2,605)	(54,968)	(156,706)	29,988	(126,718)
December 31, 2022							
Fair value of plan assets	13,073	7,241	16,613	-	-	2,204,778	2,204,778
Benefit obligation	12,406	2,964	18,474	44,176	124,066	1,952,377	2,076,443
Funded status (plan assets less benefit obligations)	**668**	**4,277**	**(1,861)**	**(44,176)**	**(124,066)**	**252,404**	**128,338**
Prior service credit (cost)	-	-	-	-	(302)	-	(302)
Net gain (loss)	(3,543)	(510)	1,278	(2,618)	42,801	(114,934)	(72,133)
Accumulated other comprehensive income (loss)	(3,543)	(510)	1,278	(2,618)	42,499	(114,934)	(72,435)
Accumulated contributions in excess of net periodic benefit cost	4,211	4,787	(3,139)	(41,558)	(166,565)	367,335	200,770
Net amount [surplus (deficit)] recognized in statement of financial position	668	4,277	(1,861)	(44,176)	(124,066)	252,404	128,338
December 31, 2023							
Fair value of plan assets	12,394	7,038	17,966	-	-	2,243,532	2,243,532
Benefit obligation	11,890	2,685	19,524	43,266	124,188	1,978,317	2,102,505
Funded status (plan assets less benefit obligations)	**504**	**4,353**	**(1,557)**	**(43,266)**	**(124,188)**	**265,215**	**141,027**
Prior service credit (cost)	-	-	-	-	(328)	-	(328)
Net gain (loss)	(3,389)	(513)	1,256	(2,640)	39,506	(108,435)	(68,929)
Accumulated other comprehensive income (loss)	(3,389)	(513)	1,256	(2,640)	39,178	(108,435)	(69,257)
Accumulated contributions in excess of net periodic benefit cost	3,894	4,866	(2,814)	(40,626)	(163,366)	373,653	210,287
Net amount [surplus (deficit)] recognized in statement of financial position	504	4,353	(1,557)	(43,266)	(124,188)	265,215	141,027

Based on the projected financial positions, the resulting US GAAP accrual costs for the plans over 2022 – 2024 are summarized below.

Company's Share US GAAP ('000s)	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
2022								
DB Current service cost (employer)	52,553	6,245	208	-	-	-	-	-
Interest cost	6,479	29,493	16,708	3,877	3,406	1,515	207	188
Expected return on plan assets	(13,139)	(77,801)	(37,320)	(8,706)	(8,235)	(3,643)	(491)	(500)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	7,775	-	-	-	-	-	-
Total DB Net Periodic Benefit Cost	45,893	(34,288)	(20,404)	(4,829)	(4,829)	(2,128)	(284)	(312)
DC Current Service Cost	2,539	69	296	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**48,432**	**(34,219)**	**(20,108)**	**(4,829)**	**(4,829)**	**(2,128)**	**(284)**	**(312)**
2023								
DB Current service cost (employer)	34,028	3,706	141	-	-	-	-	-
Interest cost	9,907	42,841	22,438	5,899	5,177	2,315	338	308
Expected return on plan assets	(14,377)	(70,716)	(33,358)	(7,134)	(6,784)	(2,988)	(429)	(440)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	3,830	-	-	-	-	-	-
Total DB Net Periodic Benefit Cost	29,558	(20,339)	(10,779)	(1,235)	(1,607)	(673)	(91)	(132)
DC Current Service Cost	3,409	72	266	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**32,967**	**(20,267)**	**(10,513)**	**(1,235)**	**(1,607)**	**(673)**	**(91)**	**(132)**
2024								
DB Current service cost (employer)	33,574	3,577	137	-	-	-	-	-
Interest cost	12,298	42,431	22,256	5,669	4,965	2,218	329	299
Expected return on plan assets	(15,955)	(71,757)	(33,821)	(6,959)	(6,647)	(2,923)	(424)	(437)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	3,421	-	-	-	-	-	-
Total DB Net Periodic Benefit Cost	29,917	(22,328)	(11,428)	(1,290)	(1,682)	(705)	(95)	(138)
DC Current Service Cost	4,149	74	246	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**34,066**	**(22,254)**	**(11,182)**	**(1,290)**	**(1,682)**	**(705)**	**(95)**	**(138)**

Company's Share US GAAP ('000s)	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
2022							
DB Current service cost (employer)	-	-	1,212	-	1,833	60,218	62,051
Interest cost	311	56	631	1,440	4,252	64,311	68,563
Expected return on plan assets	(417)	(228)	(932)	-	-	(151,412)	(151,412)
Amortization of past service costs	-	-	-	-	(27)	-	(27)
Amortization of net actuarial loss (gain)	204	-	12	38	(922)	8,029	7,107
Total DB Net Periodic Benefit Cost	98	(172)	923	1,478	5,136	(18,854)	(13,718)
DC Current Service Cost	-	-	-	-	-	2,904	2,904
Total (DB & DC) Net Periodic Benefit Cost	**98**	**(172)**	**923**	**1,478**	**5,136**	**(15,950)**	**(10,814)**
2023							
DB Current service cost (employer)	-	-	932	-	1,234	38,807	40,041
Interest cost	574	131	889	2,090	5,913	92,907	98,820
Expected return on plan assets	(376)	(211)	(811)	-	-	(137,624)	(137,624)
Amortization of past service costs	-	-	-	-	(27)	-	(27)
Amortization of net actuarial loss (gain)	169	-	(14)	-	(3,230)	3,985	755
Total DB Net Periodic Benefit Cost	367	(80)	996	2,090	3,890	(1,925)	1,965
DC Current Service Cost	-	-	-	-	-	3,747	3,747
Total (DB & DC) Net Periodic Benefit Cost	**367**	**(80)**	**996**	**2,090**	**3,890**	**1,822**	**5,712**
2024							
DB Current service cost (employer)	-	-	955	-	1,234	38,243	39,477
Interest cost	552	120	939	2,045	5,917	94,121	100,038
Expected return on plan assets	(356)	(205)	(874)	-	-	(140,358)	(140,358)
Amortization of past service costs	-	-	-	-	(27)	-	(27)
Amortization of net actuarial loss (gain)	176	-	(10)	-	(3,009)	3,587	578
Total DB Net Periodic Benefit Cost	372	(85)	1,010	2,045	4,115	(4,407)	(292)
DC Current Service Cost	-	-	-	-	-	4,469	4,469
Total (DB & DC) Net Periodic Benefit Cost	**372**	**(85)**	**1,010**	**2,045**	**4,115**	**62**	**4,177**

Appendix C - Projected Future Cash

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for funding purposes forward to each of the years ending 2023 through 2024. The purposes of these projections is to estimate the Company's share of the minimum cash funding requirements of the plans for 2022 through 2024. The projections are based on the economic environment as at August 31, 2022 and assumptions described in Appendix A. **The actual economic environment as at each of the years ending 2022 through 2023 and actual plan experience over this period may differ significantly from these assumptions.**

Based on the projected going concern and solvency positions, the resulting minimum funding requirements for the plans over 2022 – 2024 are summarized below.

Company's Share Projected Contributions ('000s)	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
2022								
DB Current Service Cost	26,532	-	139	-	-	-	-	-
DC Current Service Cost	2,539	69	296	-	-	-	-	-
Going Concern Special Payments	-	-	-	-	-	-	-	-
Solvency Special Payments	9,124	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	-	-	-	-	-
Total	**38,195**	**69**	**435**	**-**	**-**	**-**	**-**	**-**
2023								
DB Current Service Cost	-	-	-	-	-	-	-	-
DC Current Service Cost	3,409	72	266	-	-	-	-	-
Going Concern Special Payments	-	-	-	-	-	-	-	-
Solvency Special Payments	-	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	-	-	-	-	-
Total	**3,409**	**72**	**266**	**-**	**-**	**-**	**-**	**-**
2024								
DB Current Service Cost	-	-	-	-	-	-	-	-
DC Current Service Cost	4,149	74	246	-	-	-	-	-
Going Concern Special Payments	-	-	-	-	-	-	-	-
Solvency Special Payments	-	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	-	-	-	-	-
Total	**4,149**	**74**	**246**	**-**	**-**	**-**	**-**	**-**

Company's Share Projected Contributions ('000s)	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
2022							
DB Current Service Cost	-	-	-	-	-	26,671	26,671
DC Current Service Cost	-	-	-	-	-	2,904	2,904
Going Concern Special Payments	-	-	67	-	-	67	67
Solvency Special Payments	-	-	-	-	-	9,124	9,124
Direct Benefit Payments	-	-	-	3,021	7,040	3,021	10,061
Total	**-**	**-**	**67**	**3,021**	**7,040**	**41,787**	**48,827**
2023							
DB Current Service Cost	-	-	938	-	-	938	938
DC Current Service Cost	-	-	-	-	-	3,747	3,747
Going Concern Special Payments	49	-	451	-	-	500	500
Solvency Special Payments	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	3,022	7,090	3,022	10,112
Total	**49**	**-**	**1,389**	**3,022**	**7,090**	**8,207**	**15,297**
2024							
DB Current Service Cost	-	-	960	-	-	960	960
DC Current Service Cost	-	-	-	-	-	4,469	4,469
Going Concern Special Payments	49	-	439	-	-	488	488
Solvency Special Payments	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	3,031	7,153	3,031	10,184
Total	**49**	**-**	**1,399**	**3,031**	**7,153**	**8,948**	**16,101**

Mercer

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Private & Confidential

Jason Vinagre
Manager Regulatory Accounting
Enbridge Gas Inc.
500 Consumers Road
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12 January 2023

Subject: Enbridge Gas Inc. Updated Forecasts to 2024 – Reflecting Enbridge Inc.'s Year-end 2022 Financial Reporting

At the request of Enbridge Gas Inc. (the "Company"), we have prepared updated estimates of the Company's share of:

- Enbridge Inc.'s net periodic benefit costs ("accrual costs") and (minimum) cash requirements for fiscal years 2022 to 2024, and
- Enbridge Inc.'s projected balance sheet and accumulated other comprehensive income ("AOCI") for the fiscal years ending 2021 to 2023,

for the pension and benefit plans in which the Company participates. The results in this letter supplement those provided in our report *EGI Pension and Benefit Plans Estimated 2022-2024 Net Periodic Benefit Costs* dated May 2022 (the "Report"). The Report is incorporated by reference into this letter, and is essential to understanding these results.

In the Report, the original forecast results prepared for the Company were based on the economic environment as at April 30, 2022. The purpose of this letter is to provide updated forecasts consistent with Enbridge Inc.'s year-end financial reporting at December 31, 2022. Additional details on the accounting assumptions and methodology which differ from the Report, are provided in Appendix A.

Methodology

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for financial reporting purposes forward to each of the years ending 2022 through 2023. The purpose of these projections is to estimate the accounting costs for 2023 through 2024. The projected balance sheet and accumulated other comprehensive income for the fiscal years ending 2021 to 2023, and the corresponding US GAAP accrual costs for the plans over 2022 – 2024 are provided in Appendix B.

We have also projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for funding purposes forward to each of the years ending 2023 through 2024. The forecasted actuarial valuations reflect funding discount rates and provisions for adverse deviations applicable as at

November 30, 2022[1]. The projected assets are the same as those used for year-end financial reporting. The purposes of these projections is to estimate the Company's share of the minimum cash funding requirements of the plans for 2022 through 2024. These results are summarized in Appendix C.

Tier II Plans

In mid-October of each year, Enbridge Inc. prepares preliminary estimates of year-end financial reporting. Consistent with prior years, for actual year-end financial reporting at December 31, 2022, Enbridge Inc. relies on these preliminary estimates for the G1, G3, EGD SERP, and SSERP plans (collectively, the "Tier II Plans"). These estimates were based on assumptions as at and asset experience to August 31, 2022.

For the Tier II Plans, the December 31, 2023 balance sheet and 2024 estimated expense are based on market economic conditions at December 31, 2022 and the same projected asset methodology as described for non-Tier II Plans.

Important Notices

We understand this letter may be provided to the Ontario Energy Board (the "OEB") in conjunction with the Company's application for recovery of pension and benefit costs from ratepayers. 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 valuation results shown in the Report, and are subject to the same Important Notices and qualifications described in the Report except as specifically noted in this letter. The Report is incorporated by reference into this letter, and is essential to understanding these results. If you do not have a copy of the Report, please let us know immediately.

These results are based on the same actuarial assumptions used in the Report, except as specifically noted in Appendix A. Our extrapolations reflect 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 condition or their ability to pay benefits in the future. The actuarial methods used in this letter are the same as the Report.

The results shown in this letter are based on the same membership data used in the Report.

To prepare this letter, Mercer has used and relied on financial data submitted by CIBC Mellon without further audit:

- As at November 30, 2022 for all Plans. This asset data was projected to December 31, 2022 with expected cash flows and an estimated rate of return for December 2022 based on asset class benchmarks and target asset allocations. For the Tier II plans this value was only used to calculate the projected asset values at December 31, 2022. And,

[1] At the time this letter was prepared, December 31, 2022 funding discount rates and provisions for adverse deviations were not available. It is expected that the forecasted minimum funding requirements shown in this letter are reasonable estimates of future funding requirements based on available information.

- As at August 31, 2022 only for the Tier II Plans. For the Tier II Plans this asset data was projected to December 31, 2022 with expected cash flows, and a 0% assumed rate of return from August 31 to December 31, 2022. This asset value is reflected in the balance sheet as at December 31, 2022.

The results shown in this letter are based on the same plan provisions as those used in the Report.

The results shown in this letter include projections of plan assets, plan liabilities, and financial reporting accrual costs to a date that is after the date of this letter. Such projections are sensitive to many factors that are unknowable at this time, including (but not limited to) the level of market interest rates, investment performance on the pension funds to the projection date, and other demographic and economic experience over the projection period. As a result, actual amounts in future years will be different from those projected and these differences may be significant or material. Factors such as plan amendments, legislative changes or changes in accounting standards may also be relevant in some cases.

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

Sincerely,

Scott Thompson, FCIA, FSA	**Edith Samuels**, FCIA, FSA
January 12, 2023	January 12, 2023
Date	**Date**
Jesse Little, FCIA, FSA	**Ken Chin**, FCIA, FSA
January 12, 2023	January 12, 2023
Date	**Date**

Copy:
Robert Rutitis, Elena Chang – Enbridge Gas Inc.
Tyler Brady – Enbridge Inc.
Ben Ukonga – Mercer (Canada) Limited

Appendix A - Methods and Assumptions

Valuation of Plan Assets

To prepare this report, Mercer has used and relied on financial data submitted as at August 31 (for the Tier II Plans) and November 30, 2022 (for all Plans) by CIBC Mellon without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

For purposes of these estimates, we have projected the market values to each year end. In 2022 to capture market experience, we have reflected the actual investment experience from January 1, 2022 to November 30, 2022, and projected the assets to December 31, 2022 using benchmark returns for December 2022. For projections after December 31, 2022, we have used the Enbridge Inc.'s best estimates of annual net asset returns. The rates of return reflected in our projections are as follows[2]:

	Actual asset return (net of all expenses, not annualized)	Estimated asset return (net of all expenses)	
Plan	From January 1, 2022 to November 30, 2022	For December 2022	Annual estimated returns after December 31, 2022
EI RPP	-2.37%	-2.11%	7.10%
EGD RPP	-1.53%	-1.99%	6.70%
Pension Choices	-3.02%	-1.99%	6.60%
EI SPP	-6.58%	-2.67%	4.20%
M&S Plan	-9.23%	-2.41%	5.00%
Salaried Plan	-9.27%	-2.41%	5.00%
BU Plan	-9.23%	-2.41%	5.00%
G1 Plan	-9.39%	-2.41%	5.00%
G3 Plan	-9.37%	-2.41%	5.00%
EGD SERP	-4.41%	-3.48%	3.00%
EGD SSERP	-5.31%	-3.48%	3.00%

Tier II Plans – for December 31, 2022 balances and 2023 expense

In 2022, we have reflected the actual investment experience from January 1, 2022 to August 31, 2022, and projected the assets to December 31, 2022. The rates of return reflected in our projections are as follows:

[2] Applicable for December 31, 2023 balances and 2024 expense for the Tier II Plans.

Plan	Actual asset return (net of all expenses, not annualized) From January 1, 2022 to August 31, 2022	Estimated asset return (net of all expenses) From September 1, 2022 to December 31, 2022
G1 Plan	-11.84%	0.00%
G3 Plan	-11.83%	0.00%
EGD SERP	-6.95%	0.00%
EGD SSERP	-6.99%	0.00%

Estimated future cash flows, including minimum funding contributions have been incorporated into our projections.

Actual assets over year-ends 2022 through 2023 will differ from these estimates.

Actuarial Assumptions – Accounting Basis

The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the net periodic benefit cost for the following year. The actuarial assumptions used in this letter are the same as the Report, except as explicitly noted below. The assumption changes disclosed are for projected December 31, 2022 and 2023 year-ends and the following year's expense[3]:

	Assumptions reflected in this letter		Assumptions previously reflected in the Report	
Plan:	Effective discount rate for benefit obligations	Effective rate of interest on benefit obligations	Effective discount rate for benefit obligations	Effective rate of interest on benefit obligations
• EGD RPP	5.27%	5.21%	4.91%	4.54%
• EI RPP	5.27%	5.25%	4.99%	4.67%
• EI SPP	5.28%	5.23%	4.92%	4.58%
• Pension Choices Plan	5.27%	5.22%	4.93%	4.57%
• M&S Plan	5.26%	5.20%	4.71%	4.37%
• BU Plan	5.26%	5.19%	4.78%	4.38%
• Salaried Plan	5.26%	5.19%	4.78%	4.37%
• G1 Plan	5.26%	5.20%	4.82%	4.44%
• G3 Plan	5.26%	5.20%	4.81%	4.42%
• EGD SERP	5.25%	5.19%	4.75%	4.35%

[3] Applicable for December 31, 2023 balances and 2024 expense for the Tier II Plans.

	Assumptions reflected in this letter		Assumptions previously reflected in the Report	
• EGD SSERP	5.16%	5.14%	4.43%	4.08%
• LSE SERP	5.26%	5.20%	4.82%	4.43%
• EGD OPEB	5.27%	5.23%	4.93%	4.58%
• Spectra OPEB	5.27%	5.22%	4.90%	4.54%
Plan:	**Effective discount rate for current service cost**	**Effective rate of interest on current service cost**	**Effective discount rate for current service cost**	**Effective rate of interest on current service cost**
• EGD RPP	5.25%	5.23%	5.08%	4.92%
• EI RPP	5.26%	5.21%	5.06%	4.83%
• EI SPP	5.28%	5.23%	5.02%	4.81%
• Pension Choices Plan	5.26%	5.26%	5.06%	4.91%
• Legacy Spectra Closed Plans	N/A	N/A	N/A	N/A
• EGD SERP, EGD SSERP and LSE SERP	N/A	N/A	N/A	N/A
• EGD OPEB	5.27%	5.27%	5.09%	5.00%
• Spectra OPEB	5.27%	5.27%	5.08%	4.99%

Tier II Plans – for December 31, 2022 balances and 2023 expense

	Assumptions reflected in this letter		Assumptions previously reflected in the Report	
Plan:	**Effective discount rate for benefit obligations**	**Effective rate of interest on benefit obligations**	**Effective discount rate for benefit obligations**	**Effective rate of interest on benefit obligations**
• G1 Plan	4.95%	4.89%	4.82%	4.44%
• G3 Plan	4.95%	4.89%	4.81%	4.42%
• EGD SERP	4.95%	4.84%	4.75%	4.35%
• EGD SSERP	4.88%	4.77%	4.43%	4.08%

Expected long-term rate of return on assets:		
• EGD RPP	6.70% per year	7.10% per year
• EI RPP	7.10% per year	7.60% per year
• EI SPP	4.20% per year	5.10% per year
• Pension Choices Plan	6.60% per year	7.00% per year
• M&S, Salaried Plan, BU Plan, G1 and G3	5.00% per year	5.60% per year
• EGD SERP & SSERP	3.00% per year	3.30% per year
Post-retirement indexation	Based on the contractual indexation provisions of the applicable plan and assumed inflation of 3.90% in 2023, trending down to 2.00% per year for 2027 and after Actual 2022 contractual inflationary increase rates were available and reflected in the projected benefit payments and benefit obligations	Based on the contractual indexation provisions of the applicable plan and assumed inflation of 4.50% in 2022, trending down to 2.00% per year for 2026 and after
Actuarial basis for benefits to be settled through a lump sum:	Discount rate: 4.25% Mortality rates: CPM2014 with fully generational improvements using CPM-B	Discount rate: 3.50% Mortality rates: CPM2014 with fully generational improvements using CPM-B

Rationale for significant economic and demographic assumptions selected with the advice of the actuary

A rationale for each of the significant updated economic assumptions used to measure pension obligations is provided below:

- The discount rate was derived from the Mercer model. The Mercer model is based on actual AA corporate bond yield data for short term yields and extrapolated data for longer terms. Under the Mercer model, the Plans' projected benefit payments are matched against a series of spot rates derived from a yield to maturity curve.

- A short-term load has been included with the inflation assumption. The initial load is derived from prevailing inflation rates that are currently exceeding the Bank of Canada ("BoC") target range. The duration of the load, and convergence back to the 2% long-term assumption, is based on statements from the BoC, as well as other macroeconomic forecasts, which expect inflation to persist at elevated levels over the short-term before returning to the 2% BoC target within a few years.

- The cost of future lump sums will depend on the level of market interest rates at the time the lump sum is paid and any changes in the applicable actuarial standards for the determination of pension plan commuted values. The assumed cost of future lump sums is based on the average expected level of market interest rates over the period during which lump sums are expected to be paid, taking into account market conditions on the valuation date.

Assessment of reasonableness for significant economic and demographic assumptions not selected with the advice of the actuary

The expected rate of return on plan assets is selected by Enbridge Inc. To assess the reasonableness of this assumption, we compared the selected assumption to the range of acceptable values for the assumption. Specifically:

- A reasonable range for the expected rate of return on plan assets for each plan is based on:
  - The values between the 35th percentile and 65th percentile of simulated investment returns using estimated returns for each major asset class consistent with market conditions on the valuation date, the expected time horizon over which benefits are expected to be paid, and the target asset mix specified in the Plans' 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 as 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 expenses determined as the average rate of expenses paid from the fund over the last three years.

The selected expected return on plan assets for each plan falls within the above reasonable range.

Actuarial Assumptions – Going Concern Basis

The present value of future benefit payment cash flows is based on economic and demographic assumptions. The actuarial assumptions used in this letter are the same as the Report, except as explicitly noted below.

Assumption	Determined as at November 30, 2022
Discount rate:	
• EGD RPP	6.60% per year
• EI RPP	7.05% per year
• EI SPP	4.20% per year
• Pension Choices Plan	6.55% per year
• Legacy Spectra Closed Plans	5.45% per year
• EGD SERP and EGD SSERP	3.00% per year

The assumptions are best-estimate and do not include a margin for adverse deviations.

Provision for Adverse Deviations

The provision for adverse deviations has been established in accordance with Ontario regulations as at November 30, 2022 taking into account the following parameters:

Provision for Adverse Deviations	EGD RPP	EI RPP	Pension Choices Plan	Legacy Spectra Closed Plans
i) 5.0% for a closed plan and 4.0% for a plan that is not a closed plan	5.00%	4.00%	5.00%	5.00%
ii) Provision based on combined target asset allocation for non-fixed Income assets	6.00%	4.50%	6.00%	4.00%
iii) Adjustment for expected returns in excess of the Benchmark Discount Rate	0.00%	1.20%	0.00%	0.00%
Provision for Adverse Deviations (i. + ii. + iii.)	11.00%	9.70%	11.00%	9.00%

Actuarial Assumptions – Hypothetical Wind-up Basis

A hypothetical wind-up valuation was performed only for the EI RPP. The actuarial assumptions and methods used in this letter are the same as the Report, except as explicitly noted below:

The assumptions are as follows:

Basis for Benefits Assumed to be Settled Through a Lump Sum	
Non-indexed interest rates:	4.50% per year for 10 years, 5.00% per year thereafter
Inflation rates:	2.00% per year for 10 years, 2.00% per year thereafter
Basis for Benefits Assumed to be Settled Through the Purchase of an Annuity	
Non-indexed interest rate:	4.48% per year (based on a duration of 13.2)
Partially-indexed interest rate:	2.61% per year, applicable to benefits subject to contractual post-retirement indexing
Other Assumptions	
Maximum pension limit:	$3,420.00 in 2022 increasing at 2.87% per year

Appendix B – Financial Reporting Results

Projected future accrual costs

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for financial reporting purposes forward to each of the years ending 2022 through 2023. The purpose of these projections is to estimate the accounting costs for 2023 through 2024. The projections are based on the economic environment as at December 31, 2022[4] and assumptions described in Appendix A. **Where projections have been made, actual plan experience may differ significantly from the assumptions used in the projections.**

The projected balance sheet and accumulated other comprehensive income for the fiscal years ending 2021 to 2023 are summarized below.

Company's Share US GAAP ('000s)	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
December 31, 2021								
Fair value of plan assets	161,408	1,187,366	578,449	179,522	169,633	75,041	10,492	10,678
Benefit obligation	211,785	1,097,187	605,735	156,840	139,053	61,785	9,023	8,371
Funded status (plan assets less benefit obligations)	**(50,377)**	**90,179**	**(27,286)**	**22,682**	**30,580**	**13,256**	**1,468**	**2,308**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	13,618	(214,077)	(55,476)	(3,051)	(1,276)	(2,320)	(226)	(440)
Accumulated other comprehensive income (loss)	13,618	(214,077)	(55,476)	(3,051)	(1,276)	(2,320)	(226)	(440)
Accumulated contributions in excess of net periodic benefit cost	(63,995)	304,256	28,191	25,733	31,856	15,576	1,694	2,748
Net amount [surplus (deficit)] recognized in statement of financial position	(50,377)	90,179	(27,286)	22,682	30,580	13,256	1,468	2,308
December 31, 2022								
Fair value of plan assets	199,321	1,094,723	525,200	149,077	141,353	62,359	8,843	9,043
Benefit obligation	195,591	869,368	451,348	122,933	108,047	48,401	7,176	6,557
Funded status (plan assets less benefit obligations)	**3,731**	**225,355**	**73,852**	**26,144**	**33,306**	**13,958**	**1,668**	**2,485**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	79,451	(113,188)	25,224	(4,418)	(3,379)	(3,745)	(311)	(574)
Accumulated other comprehensive income (loss)	79,451	(113,188)	25,224	(4,418)	(3,379)	(3,745)	(311)	(574)
Accumulated contributions in excess of net periodic benefit cost	(75,720)	338,543	48,628	30,562	36,685	17,703	1,979	3,060
Net amount [surplus (deficit)] recognized in statement of financial position	3,731	225,355	73,852	26,144	33,306	13,958	1,668	2,485
December 31, 2023								
Fair value of plan assets	222,163	1,111,783	532,806	145,543	138,576	61,019	8,801	9,043
Benefit obligation	241,647	862,702	448,368	118,281	103,821	46,479	6,806	6,213
Funded status (plan assets less benefit obligations)	**(19,483)**	**249,081**	**84,438**	**27,262**	**34,755**	**14,540**	**1,995**	**2,830**
Prior service credit (cost)	-	-	-	-	-	-	-	-
Net gain (loss)	83,266	(113,491)	25,032	(4,379)	(3,396)	(3,772)	(75)	(361)
Accumulated other comprehensive income (loss)	83,266	(113,491)	25,032	(4,379)	(3,396)	(3,772)	(75)	(361)
Accumulated contributions in excess of net periodic benefit cost	(102,751)	362,572	59,406	31,640	38,151	18,313	2,070	3,191
Net amount [surplus (deficit)] recognized in statement of financial position	(19,483)	249,081	84,438	27,262	34,755	14,540	1,995	2,830

[4] August 31, 2022 for the results shown for the December 31, 2022 balance sheet and 2023 projected expense for the Tier II Plans.

Company's Share US GAAP ('000s)	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
December 31, 2021							
Fair value of plan assets	14,927	8,075	19,766	-	-	2,415,357	2,415,357
Benefit obligation	14,815	3,438	22,371	54,968	156,706	2,385,371	2,542,077
Funded status (plan assets less benefit obligations)	**113**	**4,638**	**(2,605)**	**(54,968)**	**(156,706)**	**29,988**	**(126,718)**
Prior service credit (cost)	-	-	-	-	(275)	-	(275)
Net gain (loss)	(4,197)	22	(389)	(11,867)	12,038	(279,679)	(267,641)
Accumulated other comprehensive income (loss)	(4,197)	22	(389)	(11,867)	11,763	(279,679)	(267,916)
Accumulated contributions in excess of net periodic benefit cost	4,309	4,616	(2,215)	(43,101)	(168,469)	309,668	141,199
Net amount [surplus (deficit)] recognized in statement of financial position	113	4,638	(2,605)	(54,968)	(156,706)	29,988	(126,718)
December 31, 2022							
Fair value of plan assets	13,073	7,241	17,028	-	-	2,227,261	2,227,261
Benefit obligation	12,406	2,963	18,319	42,775	119,442	1,885,884	2,005,326
Funded status (plan assets less benefit obligations)	**668**	**4,278**	**(1,291)**	**(42,775)**	**(119,442)**	**341,379**	**221,937**
Prior service credit (cost)	-	-	-	-	(302)	-	(302)
Net gain (loss)	(3,543)	(510)	1,848	(1,201)	49,680	(24,346)	25,334
Accumulated other comprehensive income (loss)	(3,543)	(510)	1,848	(1,201)	49,378	(24,346)	25,032
Accumulated contributions in excess of net periodic benefit cost	4,211	4,788	(3,139)	(41,575)	(168,820)	365,725	196,905
Net amount [surplus (deficit)] recognized in statement of financial position	668	4,278	(1,291)	(42,775)	(119,442)	341,379	221,937
December 31, 2023							
Fair value of plan assets	12,802	7,135	18,789	-	-	2,268,460	2,268,460
Benefit obligation	11,608	2,650	19,369	41,907	119,604	1,909,851	2,029,455
Funded status (plan assets less benefit obligations)	**1,194**	**4,485**	**(580)**	**(41,907)**	**(119,604)**	**358,610**	**239,006**
Prior service credit (cost)	-	-	-	-	(328)	-	(328)
Net gain (loss)	(2,968)	(383)	1,837	(1,204)	45,897	(19,894)	26,003
Accumulated other comprehensive income (loss)	(2,968)	(383)	1,837	(1,204)	45,569	(19,894)	25,675
Accumulated contributions in excess of net periodic benefit cost	4,161	4,868	(2,417)	(40,702)	(165,173)	378,502	213,329
Net amount [surplus (deficit)] recognized in statement of financial position	1,194	4,485	(580)	(41,907)	(119,604)	358,610	239,006

Based on the projected financial positions, the resulting US GAAP accrual costs for the plans over 2022 – 2024 are summarized below.

Company's Share US GAAP ('000s)	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
2022								
DB Current service cost (employer)	52,553	6,245	208	-	-	-	-	-
Interest cost	6,479	29,493	16,708	3,877	3,406	1,515	207	188
Expected return on plan assets	(13,139)	(77,801)	(37,320)	(8,706)	(8,235)	(3,643)	(491)	(500)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	7,775	-	-	-	-	-	-
Total DB Net Periodic Benefit Cost	45,893	(34,288)	(20,404)	(4,829)	(4,829)	(2,128)	(284)	(312)
DC Current Service Cost	2,547	69	294	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**48,440**	**(34,219)**	**(20,110)**	**(4,829)**	**(4,829)**	**(2,128)**	**(284)**	**(312)**
2023								
DB Current service cost (employer)	31,334	3,532	138	-	-	-	-	-
Interest cost	10,146	43,911	22,884	6,108	5,362	2,400	338	308
Expected return on plan assets	(14,450)	(71,522)	(33,799)	(7,186)	(6,828)	(3,009)	(429)	(440)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	51	-	-	-	-	-	-
Total DB Net Periodic Benefit Cost	27,030	(24,028)	(10,777)	(1,078)	(1,466)	(609)	(91)	(132)
DC Current Service Cost	3,409	72	266	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**30,439**	**(23,956)**	**(10,511)**	**(1,078)**	**(1,466)**	**(609)**	**(91)**	**(132)**
2024								
DB Current service cost (employer)	30,879	3,463	129	-	-	-	-	-
Interest cost	12,531	43,518	22,719	5,869	5,144	2,300	340	310
Expected return on plan assets	(16,028)	(72,618)	(34,294)	(7,013)	(6,693)	(2,944)	(427)	(440)
Amortization of past service costs	-	-	-	-	-	-	-	-
Amortization of net actuarial loss (gain)	-	-	-	-	-	-	-	-
Total DB Net Periodic Benefit Cost	27,382	(25,637)	(11,446)	(1,144)	(1,549)	(644)	(87)	(130)
DC Current Service Cost	4,149	74	246	-	-	-	-	-
Total (DB & DC) Net Periodic Benefit Cost	**31,531**	**(25,563)**	**(11,200)**	**(1,144)**	**(1,549)**	**(644)**	**(87)**	**(130)**

Company's Share US GAAP ('000s)	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
2022							
DB Current service cost (employer)	-	-	1,212	-	1,833	60,218	62,051
Interest cost	311	56	631	1,440	4,252	64,311	68,563
Expected return on plan assets	(417)	(228)	(932)	-	-	(151,412)	(151,412)
Amortization of past service costs	-	-	-	-	(27)	-	(27)
Amortization of net actuarial loss (gain)	204	-	12	38	(922)	8,029	7,107
Total DB Net Periodic Benefit Cost	98	(172)	923	1,478	5,136	(18,854)	(13,718)
DC Current Service Cost	-	-	-	-	-	2,910	2,910
Total (DB & DC) Net Periodic Benefit Cost	**98**	**(172)**	**923**	**1,478**	**5,136**	**(15,944)**	**(10,808)**
2023							
DB Current service cost (employer)	-	-	885	-	1,144	35,889	37,033
Interest cost	574	131	937	2,151	6,057	95,250	101,307
Expected return on plan assets	(376)	(211)	(737)	-	-	(138,987)	(138,987)
Amortization of past service costs	-	-	-	-	(27)	-	(27)
Amortization of net actuarial loss (gain)	169	-	-	-	(3,731)	220	(3,511)
Total DB Net Periodic Benefit Cost	367	(80)	1,085	2,151	3,443	(7,628)	(4,185)
DC Current Service Cost	-	-	-	-	-	3,747	3,747
Total (DB & DC) Net Periodic Benefit Cost	**367**	**(80)**	**1,085**	**2,151**	**3,443**	**(3,881)**	**(438)**
2024							
DB Current service cost (employer)	-	-	907	-	1,144	35,378	36,522
Interest cost	573	126	989	2,105	6,063	96,524	102,587
Expected return on plan assets	(372)	(208)	(809)	-	-	(141,846)	(141,846)
Amortization of past service costs	-	-	-	-	(27)	-	(27)
Amortization of net actuarial loss (gain)	138	-	-	-	(3,476)	138	(3,338)
Total DB Net Periodic Benefit Cost	339	(82)	1,087	2,105	3,704	(9,806)	(6,102)
DC Current Service Cost	-	-	-	-	-	4,469	4,469
Total (DB & DC) Net Periodic Benefit Cost	**339**	**(82)**	**1,087**	**2,105**	**3,704**	**(5,337)**	**(1,633)**

Appendix C - Projected Future Cash

We have projected the results of the December 31, 2021 / January 1, 2022 actuarial valuations of the plans for funding purposes forward to each of the years ending 2023 through 2024. The purposes of these projections is to estimate the Company's share of the minimum cash funding requirements of the plans for 2022 through 2024. The projections are based on the economic environment as at December 31, 2022 and assumptions described in Appendix A.

Where projections have been made, actual plan experience may differ significantly from the assumptions used in the projections.

Based on the projected going concern and solvency positions, the resulting minimum funding requirements for the plans over 2022 – 2024 are summarized below.

Company's Share Projected Contributions ('000s)	EI RPP	EGD RPP	Pension Choices	M&S	BU	Salaried	Group 1	Group 3
2022								
DB Current Service Cost	25,045	-	33	-	-	-	-	-
DC Current Service Cost	2,547	69	294	-	-	-	-	-
Going Concern Special Payments	-	-	-	-	-	-	-	-
Solvency Special Payments	9,124	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	-	-	-	-	-
Total	**36,716**	**69**	**327**	**-**	**-**	**-**	**-**	**-**
2023								
DB Current Service Cost	-	-	-	-	-	-	-	-
DC Current Service Cost	3,409	72	266	-	-	-	-	-
Going Concern Special Payments	-	-	-	-	-	-	-	-
Solvency Special Payments	-	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	-	-	-	-	-
Total	**3,409**	**72**	**266**	**-**	**-**	**-**	**-**	**-**
2024								
DB Current Service Cost	-	-	-	-	-	-	-	-
DC Current Service Cost	4,149	74	246	-	-	-	-	-
Going Concern Special Payments	-	-	-	-	-	-	-	-
Solvency Special Payments	-	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	-	-	-	-	-
Total	**4,149**	**74**	**246**	**-**	**-**	**-**	**-**	**-**

Company's Share Projected Contributions ('000s)	EGD SERP	EGD SSERP	EI SPP	LSE SERP	OPEB	Total Pension	Grand Total
2022							
DB Current Service Cost	-	-	-	-	-	25,078	25,078
DC Current Service Cost	-	-	-	-	-	2,910	2,910
Going Concern Special Payments	-	-	67	-	-	67	67
Solvency Special Payments	-	-	-	-	-	9,124	9,124
Direct Benefit Payments	-	-	-	3,004	4,785	3,004	7,789
Total	**-**	**-**	**67**	**3,004**	**4,785**	**40,183**	**44,968**
2023							
DB Current Service Cost	-	-	1,042	-	-	1,042	1,042
DC Current Service Cost	-	-	-	-	-	3,747	3,747
Going Concern Special Payments	317	-	848	-	-	1,165	1,165
Solvency Special Payments	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	3,023	7,090	3,023	10,113
Total	**317**	**-**	**1,890**	**3,023**	**7,090**	**8,977**	**16,067**
2024							
DB Current Service Cost	-	-	1,068	-	-	1,068	1,068
DC Current Service Cost	-	-	-	-	-	4,469	4,469
Going Concern Special Payments	317	-	833	-	-	1,150	1,150
Solvency Special Payments	-	-	-	-	-	-	-
Direct Benefit Payments	-	-	-	3,032	7,153	3,032	10,185
Total	**317**	**-**	**1,901**	**3,032**	**7,153**	**9,719**	**16,872**

ENBRIDGE GAS INC.

Accounting Entries for
Post-Retirement True-Up Variance Account
Account No. 179-327

This account records the difference between the revenue requirement impact of actual pension and OPEB costs (accrual and cash-based amounts) and the revenue requirement impact of pension and OPEB costs (accrual and cash-based amounts) included in rates.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A, prescribed under the Ontario Energy Board Act.

Debit / Credit -	Account No. 179-327 Post-Retirement True-Up Variance Account
Credit / Debit -	Account No. 300 Operating Revenue

To record, as a debit/(credit) in the account, the difference between the revenue requirement impact of pension and OPEB accrual and cash-based amounts included in rates as approved by the OEB, and the revenue requirement impact of actual pension and OPEB accrual and cash-based amounts.

Debit / Credit -	Account No. 179-327 Post-Retirement True-Up Variance Account
Credit / Debit -	Account No. 323 Other Interest Expense

To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

Citation: Re Enbridge Pipelines Inc., 2023 ABASC 3 **Date: 20230104**

In the Matter of
the Securities Legislation of
Alberta and Ontario (the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Enbridge Gas Inc., Enbridge Pipelines Inc. and Westcoast Energy Inc. (the **Filers**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Exemption Sought**) from the requirements under section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that the financial statements of the Filers (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (**Canadian GAAP**) and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report.

The Exemption Sought is similar to the exemption granted to the Filers on May 25, 2018 in *Re Enbridge Gas Distribution Inc.*, 2018 ABASC 81 and on May 25, 2018 in *Re Westcoast Energy Inc.*, 2018 ABASC 82 (collectively, the **U.S. GAAP Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

(a) the Alberta Securities Commission is the principal regulator for this application;

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador (the **Passport Jurisdictions**), and

(c) this decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation
In this decision:

(a) unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 52-107 have the same meaning; and

(b) rate-regulated activities has the meaning ascribed thereto in the Chartered Professional Accountants of Canada Handbook (**Handbook**).

Representations
This decision is based on the following facts represented by the Filers:

1. Enbridge Inc. (**EI**), Enbridge Pipelines Inc. and Westcoast Energy Inc. are continued under the *Canada Business Corporations Act* and each of their head offices is located in Calgary, Alberta.

2. Enbridge Gas Inc. is governed by the *Business Corporations Act* (Ontario) and its head office is located in North York, Ontario.

3. Each of the Filers is a reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions and is not in default of securities legislation in any jurisdiction in Canada.

4. Each of the Filers currently prepares and files its financial statements for annual and interim periods in accordance with U.S. GAAP, relying on the U.S. GAAP Relief.

5. Each of the Filers has rate-regulated activities.

6. Each of the Filers are indirect wholly-owned subsidiaries of EI.

7. The financial statements of each of the Filers are consolidated into the financial statements of EI.

8. EI is an SEC issuer and relies on section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP.

9. None of the Filers is currently an SEC issuer.

10. Were any of the Filers SEC issuers, they would be permitted by section 3.7 of NI 52-107 to file their financial statements prepared in accordance with U.S. GAAP.

11. The U.S. GAAP Relief provided that it would cease to apply to the Filers on the earliest of: (a) January 1, 2024; (b) if the Filer ceased to have activities subject to rate regulation, the first day of the Filer's financial year that commenced after the Filer ceased to have activities subject to rate regulation; and (c) the effective date prescribed by the International Accounting Standards Board (**IASB**) for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation. Accordingly, in the absence of further relief provided by Canadian securities regulators, the Filers would become subject to Canadian GAAP no later than January 1, 2024. Canadian GAAP includes IFRS as incorporated into the Handbook.

12. In January 2021, the IASB published the Exposure Draft - Regulatory Assets and Regulatory Liabilities, which introduces a proposed standard of accounting for regulatory assets and liabilities applicable to entities with rate-regulated activities. The issuance by the IASB of a standard within IFRS for entities with rate-regulated activities (a **Mandatory Rate-regulated Standard**) would have resulted in the expiry of the U.S. GAAP Relief, giving rise to the obligation of the Filers to commence financial statement preparation and reporting in accordance with IFRS pursuant to NI 52-107.

13. It is not yet known when the IASB will finalize and implement such a standard and the Filers will require sufficient time to: (a) interpret and implement such standard and transition from financial statement preparation and reporting in accordance with U.S. GAAP to IFRS; and (b) interpret and reconcile the implications on the customer rate setting process resulting from the implementation.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that:

(a) the U.S. GAAP Relief is revoked;

(b) the Exemption Sought is granted to each Filer in respect of such Filer's financial statements required to be filed on or after the date of this decision, provided that the Filer prepares those financial statements in accordance with U.S. GAAP; and

(c) the Exemption Sought will terminate in respect of each Filer on the earliest of the following:

(i) January 1, 2027;

(ii) if the Filer ceases to have rate-regulated activities, the first day of the Filer's financial year that commences after the Filer ceases to have rate-regulated activities; and

(iii) the first day of the Filer's financial year that commences on or following the later of:

A. the effective date prescribed by the IASB for a Mandatory Rate-regulated Standard; and

B. two years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

For the Commission:

"original signed by"	*"original signed by"*
Tom Cotter	Kari Horn
Vice-Chair	Vice-Chair

Table 1
Summary of Revenue (Deficiency)/Sufficiency - EGI

Line No	Particulars ($ millions)	2019 Actual	2020 Actual	2021 Actual	2022 Estimate	2023 Bridge	2024 Test	
	Revenue at Existing Rates							
1	Gas Sales, Transportation, and Storage	4,779.7	4,266.7	4,628.6	5,095.3	5,810.1	6,016.3	/u
2	Gas Costs	(2,265.3)	(1,781.3)	(2,110.5)	(2,440.1)	(3,047.3)	(3,228.0)	
3	Impact of (colder)/warmer weather (1)	(67.0)	33.0	55.0	(28.0)	-	-	
4	Revenue, weather normalized, net of Gas Costs	2,447.4	2,518.4	2,573.1	2,627.2	2,762.9	2,788.3	/u
	Revenue Requirement							
5	Operating Costs	3,907.7	3,477.8	3,794.2	4,231.8	4,920.8	5,297.2	/u
6	Cost of Capital (2)	789.2	792.3	800.2	869.8	901.5	955.8	/u
7	Other Operating Revenues	(47.8)	(52.2)	(50.0)	(60.0)	(63.2)	(64.3)	
8	Income Taxes	59.9	39.2	41.8	33.7	41.5	43.8	/u
9	Taxes on Deficiency/(Sufficiency)	(25.5)	(3.5)	(15.3)	(7.2)	(3.4)	77.9	/u
10	Total Revenue Requirement	4,683.5	4,253.6	4,570.9	5,068.1	5,797.2	6,310.5	/u
11	Gas Costs	(2,265.3)	(1,781.3)	(2,110.5)	(2,440.1)	(3,047.3)	(3,228.0)	
12	Revenue Requirement, excluding Gas Costs	2,418.2	2,472.3	2,460.4	2,628.0	2,749.9	3,082.4	/u
	(Deficiency)/Sufficiency							
13	(Deficiency)/Sufficiency, gross	96.2	13.1	57.7	27.2	12.9	(294.1)	/u
14	(Deficiency)/Sufficiency, weather normalized	29.2	46.1	112.7	(0.8)	12.9	(294.1)	/u
15	2024 Deficiency as % of 2024 Revenue Forecast (line 14/line 1)						4.9%	/u
	Average Annual Growth 2019-2023							
16	Revenue, weather normalized, net of gas costs (line 4)						3.1%	
17	Revenue Requirement, excluding gas costs (line 12)						2.7%	

Notes:
(1) Financial impact of colder/warmer than normal weather. 2023 and 2024 forecasts are based on normal weather.
(2) Cost of Capital amounts reflect the annual OEB-formula return on equity %s. 2023 and 2024 amounts reflect the 2022 OEB-formula equity %.

2024 Test Year - Calculation of Total Revenue Deficiency

Line No.	Particulars ($ millions)	Reference	Delivery	Gas Supply	Total	
	Cost of Capital					
1	Rate Base	Exhibit 2 Tab 1 Schedule 1	16,281.1		16,281.1	/u
2	Required Rate of Return	Exhibit 5 Tab 2 Schedule 1 Attachment 6	5.87%		5.87%	/u
3	Required Return		955.7		955.7	/u
	Cost of Service					
4	Gas Costs	Exhibit 4 Tab 2 Schedule 1 Attachment 1	17.6	3,210.4	3,228.0	
5	Operations and Maintenance	Exhibit 4 Tab 4 Schedule 1	1,046.0	-	1,046.0	/u
6	Depreciation and Amortization	Exhibit 4 Tab 5 Schedule 1 Attachment 2	892.0	-	892.0	/u
7	Fixed Financing Costs	Exhibit 5 Tab 2 Schedule 1	4.0	-	4.0	
8	Municipal and Other Taxes	Exhibit 4 Tab 6 Schedule 2	127.2	-	127.2	
9	Total		2,086.8	3,210.4	5,297.2	/u
	Miscellaneous Operating and Non-Operating Revenue					
10	Other Operating Revenue	Exhibit 3 Tab 1 Schedule 1	(64.3)	-	(64.3)	
11	Other Income	Exhibit 3 Tab 1 Schedule 1	-	-	-	
12	Total		(64.3)	-	(64.3)	
	Income Taxes on Earnings					
13	Excluding Tax Shield	Exhibit 4 Tab 6 Schedule 1 Attachment 1	161.2	(6.1)	155.1	/u
14	Tax Shield Provided by Interest Expense	Exhibit 4 Tab 6 Schedule 1 Attachment 1	(111.3)	-	(111.3)	/u
15	Total		50.0	(6.1)	43.8	/u
	Taxes on (Deficiency)/Sufficiency					
16	Gross (Deficiency)/Sufficiency		(270.9)	(23.2)	(294.1)	/u
17	Net (Deficiency)/Sufficiency		(199.1)	(17.0)	(216.2)	/u
18	Total		71.8	6.1	77.9	/u
19	Revenue Requirement		3,100.0	3,210.4	6,310.4	/u
20	Revenue At Existing Rates					
21	Gas Sales	Exhibit 3 Tab 2 Schedule 1 Attachment 3	2,666.9	3,184.7	5,851.6	
22	Transmission, Compression & Storage	Exhibit 3 Tab 4 Schedule 1 Attachment 1	162.2	2.5	164.7	/u
23	Total Revenue At Existing Rates		2,829.1	3,187.2	6,016.3	/u
24	Gross Revenue (Deficiency)		(270.9)	(23.2)	(294.1)	/u

2024 Utility Deficiency Calculation and Required Rate of Return - EGI

Line No.	Particulars	Principal ($ millions) Test Year	Component (%) Test Year	Cost Rate (%) Test Year	Return Component (%) Test Year	
		(a)	(b)	(c)	(d) = (b x c)	
	Debt					
1	Long and Medium Term Debt	10,028.1	61.59	4.17	2.567	/u
2	Short Term Debt	66.2	0.41	3.00	0.012	/u
3	Total Debt	10,094.3	62.00		2.579	/u
4	Common Equity	6,186.8	38.00	8.66	3.291	/u
6	Total	16,281.1	100.00		5.870	/u
7	Rate Base	16,281.1				/u
8	Utility Income	739.6				/u
9	Indicated Rate of Return	4.543%				/u
10	(Deficiency)/Sufficiency in Rate of Return	(1.327%)				/u
11	Net (Deficiency)/Sufficiency	(216.1)				/u
12	Gross (Deficiency)/Sufficiency	(294.1)				/u
13	Revenue at Existing Rates	6,016.3				/u
14	Revenue Requirement	6,310.4				/u
15	Gross Revenue (Deficiency)/Sufficiency	(294.1)				/u
	Common Equity					
16	Allowed Rate of Return	8.660%				/u
17	Earnings on Common Equity	5.167%				/u
18	(Deficiency)/Sufficiency In Common Equity Return	(3.493%)				/u

2024 Net Utility Income - EGI

Line No.	Particulars ($ millions)	Test Year	
	Operating Income		
1	Gas Sales and Distribution	5,851.6	
2	Transportation	164.7	/u
3	Storage	0.0	
4	Other Operating Revenue	64.3	
5	Interest and Property Rental	-	
6	Other Income	-	
7	Total Operating Revenue	6,080.6	/u
	Operating Cost		
8	Gas Costs	3,228.0	
9	Operation and Maintenance	1,046.0	/u
10	Depreciation and Amortization Expense	892.0	/u
11	Fixed Financing Costs	4.0	
12	Debt Redemption Premium Amortization	0.0	
13	Municipal and Other Taxes	127.2	
14	Cost of Service	5,297.2	/u
15	Utility Income Before Income Taxes	783.4	/u
16	Income Tax Expense	(43.8)	/u
17	Utility Income	739.6	/u

2024 Utility Rate Base

Line No.	Particulars ($ millions)	Test Year	
	Property, Plant and Equipment		
1	Gross Property, Plant and Equipment	24,902.9	/u
2	Accumulated Depreciation	(9,178.9)	/u
3	Net Property, Plant and Equipment	15,724.0	/u
	Allowance for Working Capital		
4	Materials and Supplies	107.0	
5	Customer Security Deposits	(60.2)	
7	DCB Receivable/(Payable)	(5.1)	
9	Gas in Storage	648.4	
10	Working Cash Allowance	(133.1)	/u
11	Total Working Capital	557.1	
12	Utility Rate Base	16,281.1	/u