

Schedule 3.7  
Corporate Allocations Report

1 **Corporate Allocations**

2 **Purpose of the Document**

3 This document was developed to set out the methodology used by EGNB to determine  
4 the allocation of costs from Enbridge Inc. (“Enbridge”) to EGNB recoverable in rates.  
5 The methodology has been used in the development of the 2015 Actuals, the 2016  
6 Forecast and the 2017 Budget for the rate application filed on July 25, 2016 with the  
7 Board.

8 **Enbridge Corporate Allocations Methodology**

9 Enbridge is a leader in energy transportation and distribution in North America and  
10 internationally. It operates the world’s longest crude oil and liquids transportation  
11 pipeline and Canada’s largest natural gas distribution company. It also operates natural  
12 gas transmission pipelines and midstream businesses in the United States and invests in  
13 international energy projects. Its activities are comprised of regulated and non-regulated  
14 businesses.

15 Enbridge believes in an “integrated” operating model which involves the corporate office  
16 effectively managing as an integral extension of the decision making and operating  
17 activities of its business units and affiliates (for the benefit of the business). The impact  
18 of this operating model results in a decrease in overall cost of each respective affiliate’s  
19 operating and maintenance expenses due primarily to the potential for economies of  
20 scale. The resulting corporate cost allocations back to the affiliate are offset by a  
21 reduction in their own incurred costs. For management and regulatory purposes, these  
22 operating costs and benefits need to be tracked.

23 EGNB relies on the Enbridge name and reputation. The overall strength of Enbridge and  
24 how it is perceived in the market provides a foundation for the benefits that EGNB  
25 receives from being part of Enbridge, including relying on the strength of the Enbridge  
26 name in dealings with industry stakeholders and the public and gaining access to debt and  
27 equity financing. EGNB also benefits from shared resources.

28 EGNB believes that the cost allocation methodology policy applied by Enbridge to all its  
29 operating entities to allocate the corporate office costs is appropriate and fair.

1 **EGNB methodology for recovery of Corporate Allocations**

2 The objective of the methodology is to establish the appropriate charges to be allocated  
3 for services delivered in a given fiscal year by Enbridge to EGNB based on the criteria  
4 specified by the Board that would be recoverable in rates. The methodology is simple  
5 and practical to administer, transparent and supported by data and records.

6 EGNB has reviewed all the corporate allocations in accordance with directives in the  
7 January 30, 2012 Board decision and subsequent Board decisions that dealt with  
8 corporate allocations.

9 All current corporate allocation costs fall into three main groups:

- 10 • Corporate Governance;  
11 • Information Technology (“IT”);  
12 • Human Resources.

13 **Corporate Governance**

14 Corporate governance is the system by which EGNB is directed and controlled. This is  
15 accomplished with the development and consistent application of processes, policies,  
16 guidelines, laws and instructions across the organization. Corporate governance also  
17 includes the management of relationships among the many stakeholders involved and the  
18 goals for which EGNB is governed. EGNB’s main external stakeholder groups are  
19 shareholders, debt holders, trade creditors, suppliers, customers and communities affected  
20 by its activities. EGNB’s internal stakeholders are the board of directors, executives and  
21 other employees. Corporate governance works to ensure that an enterprise is directed and  
22 controlled in a responsible, professional and transparent manner with the purpose of  
23 safeguarding its long-term success and is intended to increase the confidence of  
24 shareholders and capital-market investors.

25

1 **Information Technology**

2 IT involves two functions: IT management and management of information systems. IT  
3 management is the management of all of the technology resources in accordance with  
4 EGNB requirements and priorities. These resources include tangible investments like  
5 computer hardware, software, data storage, networks and data centre facilities, as well as  
6 the staffing needed to maintain them. EGNB relies on Enbridge to manage these  
7 responsibilities and to provide basic management functions, such as budgeting, staffing,  
8 organizing and controlling, along with other aspects that are unique to technology, like  
9 change management, software design, systems security, network planning and technical  
10 support.

11 A primary focus of IT management is the value creation made possible by technology  
12 and the alignment of technology and business strategies. EGNB relies on Enbridge to  
13 provide this service. Its objective is to design and implement procedures, processes and  
14 routines that provide detailed reports in an accurate, consistent and timely manner. This  
15 includes Oracle Financials for financial reporting and employee expenses, Hyperion for  
16 budgeting, Peoplesoft for human resource management and other employee management  
17 systems for managing areas such as safety and training.

18 Enbridge has a strong base of knowledge and expertise in the areas described above.  
19 EGNB is able to tap into these resources cheaper due to economies of scale. This  
20 knowledge and strength extends from the senior leadership through to staff within  
21 Enbridge and the affiliates.

22 **Human Resources**

23 Human resource management is the management of an organization's workforce, or  
24 human resources. It is responsible for the attraction, selection, training, assessment and  
25 rewarding of employees, while also overseeing organizational leadership and cultures,  
26 and ensuring compliance with employment and labour laws. This function also addresses  
27 the development and execution of the total compensation strategy through managing the  
28 analysis, design, implementation, communication and automation of pay systems,  
29 perquisites, benefits and retirement programs. It also negotiates, executes and maintains

1 all third party travel agreements as well as the development and oversight of employee  
2 expense reporting policies and existing corporate card programs.

### 3 **Methodology Guiding Principles**

4 The first step in the methodology is to demonstrate that the corporate cost allocations  
5 recoverable in rates are based on three guiding principles:

- 6 • *Cost Incurrence* - are the proposed charges prudently incurred by, or on behalf of  
7 the utility for the provision of a service required by ratepayers;
- 8 • *Cost Allocation* - if properly incurred, are the proposed charges allocated  
9 appropriately to the utility, based on the application of cost allocation factors as  
10 outlined in the Enbridge Cost Allocation Methodology policy; and
- 11 • *Cost Benefit* - do the benefits to the utility's ratepayers equal or exceed the costs.

12 In meeting the third principle of benefit to the utility's ratepayers, EGNB proposes that  
13 the following three categories support the basis for assessing quantifiable benefits:

- 14 • *Replacement benefits (RB)* - the services provided replace an equivalent service at  
15 equal or lower cost;
- 16 • *Synergistic or Linkage benefits (SB)* - the services allow the utility to reduce costs  
17 by means of being part of a larger organization and operating in concert for the  
18 procurement of products and services;
- 19 • *Direct benefits (DB)* - strategic actions and activities instituted by affiliates that  
20 produce direct value to the utility.

### 21 **Cost Allocations**

22 The corporate allocation costs determined to have been prudently incurred and a benefit  
23 to the ratepayer would be further evaluated and the corresponding percentages would be  
24 applied for regulatory purposes:

- 25 • *Direct Costs (DC)* – reflect flow through costs incurred when EGNB would need  
26 to perform the service directly and would be allocated at 100% to regulated  
27 operations;

- 1       • *Shared Costs (SC)* – reflect costs that would be allocated at 50% to regulated  
2       operations and 50% to shareholders;
- 3       • *Administrative Costs (AC)* –incurred as a result of a direct cost or shared cost and  
4       cannot be severed will be allocated at 10% to regulated operations and 90% to  
5       shareholders;
- 6       • *Non-Applicable Costs (N-AC)* – reflects costs that do not meet the three guiding  
7       principles and as a result are not allocated to the regulated operations.

8       The implementation of EGNB’s Regulatory Cost Allocation methodology to the current  
9       corporate allocations is presented below in Table 1 - Corporate Allocations Methodology.

10      The list of corporate allocations and amounts used in the 2015 Actuals, 2016 Forecast  
11      and 2017 Budget is presented in Table 2 – Corporate Allocations

12      In its Decision dated July 7, 2016 for Matter 306, the Board directed EGNB to establish a  
13      filing requirement to review intra company transactions on a more aggregated basis.  
14      EGNB’s attempt to provide a more concise, aggregate view of the affiliate transactions is  
15      presented in Table 3 – Affiliate Transactions.

#### 16      **Addition and Removal of Corporate Cost Allocations**

17      As business requirements change so will corporate allocation costs. As a result the  
18      addition, revision and removal of corporate cost allocations will be evaluated in the same  
19      manner as presented above and reviewed by the Board during the annual regulatory  
20      financial review process.

**Table 1 - Corporate Allocations Methodology**

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer		
Corporate Governance	CEO	N-AC	0%	No	The office of the CEO provides leadership and strategic counsel to the organization. Ongoing contact with large energy customers or suppliers and liaison with other major companies in the energy industry.	SB	<p>Although EGNB has not allocated any of these costs to the regulatory cost allocation EGNB does believe the ratepayer benefits from these costs. The government of New Brunswick has placed high importance on new development and investment in the province with initiatives such as Invest NB. The office of the CEO liaises with major energy companies and major energy customers' suppliers and would influence heavily the potential investment of companies. Also the leadership of Enbridge provides EGNB with access to lower debt financing costs than if EGNB were a stand-alone entity.</p>		
	CFO				The office of the CFO provides leadership and advice regarding the financial affairs of EGNB; Investor Relations, Treasury, Controllers', Audit Services, Pension Administration and supplier Management.				
	Corporate Aviation				Costs associated with operating the corporate jet.				
	Investment Review				The department investigates and develops investment opportunities in emerging and alternative energy technologies. This group develops and coordinates corporate wide long range plans, examines existing strategies and identifies potential new strategic directions. They set corporate standards for the evaluation and review of investments that require approval from the Board of Directors or the Corporate Leadership Team.				
	Enbridge Energy Company Inc. Recovery*				These department costs are incurred by the US office on behalf of EI that need to be added to the total pool of corporate costs and are allocated based on factors established for allocation of costs using the CAM approach. The nature of these costs are aligned with corporate objectives and include costs related to Public Affairs and Government Relations, Treasury, Tax, IT, Law and Enterprise Communications.				
	Tax Services	AC			Preparation of tax returns and HST filings for all legal entities in Canada.			<p>Without a corporate head office, EGNB would not be able to derive many of the benefits it receives from being part of Enbridge Inc. EGNB relies on the Enbridge name and reputation. The overall strength of Enbridge and how it is perceived in the market provides a foundation for the benefits that EGNB receives from being part of Enbridge, including relying on the strength of the Enbridge name in dealings with industry stakeholders and the public and gaining access to debt and equity financing.</p>	
	Pensions Expense				Benefits and Pension costs associated with Enbridge Inc operations/employees.				
	Business Tax				Overall costs of operations for Calgary Office				
	Compliance Systems				Overall implementation of Compliance systems				
	Enterprise Travel Procurement Card Program				This program provides support, the necessary tools (concourse), negotiates corporate wide rates with vendors, along with guidance (policies) for companywide business travel.				<p>The administrative functions outlined are associated with the operation of the corporate head office. Although these specific functions/activities may not be required if EGNB was a stand-alone company they are required to support the various functions/activities at the corporate level that are currently provided and would be required if EGNB was a stand-alone company. For example, the direct costs associated with providing Administrative functions would include the support staff. The ratepayers are benefitting from economies of scale on the function/activities that would be required if EGNB was a stand-alone company. These costs cannot be severed from one another.</p>
	Corporate Secretarial				Legal counsel and advice on Corporate Secretarial related matters				
	Directors Fees and Expenses				Enbridge Board of Directors provides strategic advice regarding the operation of EGNB.				
	EGD				EGD services reallocated based on EGD employee time spent to service EGNB				
	Employee Benefits				Benefits associated with employees at the corporate office.				

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer		
Corporate Governance	Enbridge Pipeline Inc. Direct Charges	AC	0%	No	Related to IT services, some accounting, tax payroll, and legal services.	SB	<p>The administrative functions outlined are associated with the operation of the corporate head office. Although these specific functions/activities may not be required if EGNB was a stand-alone company they are required to support the various functions/activities at the corporate level that are currently provided and would be required if EGNB was a stand-alone company. For example, the direct costs associated with providing Administrative functions would include the support staff. The ratepayers are benefitting from economies of scale on the function/activities that would be required if EGNB was a stand-alone company. These costs cannot be severed from one another.</p>		
	Investors Relations				Maintain the investor relations necessary to enable Enbridge to effectively access the capital markets. Organizes annual shareholder meetings, prepares annual and quarterly reports to shareholders, investment analysts and potential investors in the debt and equity of Enbridge.				
	Executive VP People and Partners	SC			Senior leadership in HR, IT Corporate Secretarial and Corporate Administration services	SB/RB		<p>Economies of scale allow this service to be provided at a lower rate than if EGNB was required to outsource these activities to consultants.</p>	
	Other Employee Benefits				Benefits associated with employees at the corporate office.	SB			
	Rent & Lease	AC			The rent and lease costs that are allocated to EGNB are a portion of the rental and lease costs for Enbridge Inc.'s corporate offices, which provides a location for the corporate employees.	SB			
	Corporate Controller	SC			Setting accounting policies and practices, preparation and dissemination of consolidated financial results, prepares external reports, maintenance of enterprise wide financial accounting system, implementation of new accounting standards.	SB/RB			<p>EGNB relies on the Enbridge reputation. The overall strength of Enbridge and how it is perceived in the market provides a foundation for the benefits that EGNB receives from being part of Enbridge, including relying on the strength of the Enbridge name in dealings with industry stakeholders and the public.</p>
	Public Affairs & Corp Comm.				This department provides leadership to support achievement of key corporate and business unit objectives. This encompasses the development of all materials and relationships to maintain the reputation of Enbridge among external and internal stakeholders. Public affairs and corporate communications provide EGNB with access to a broader group of professionals that can provide advice on issues facing EGNB and approaches to address them. In addition, these costs support Enbridge Inc.'s activities to develop plans, messages and relationships that maintain and strengthen the reputation of Enbridge among external stakeholders.				
	Enterprise Communications & Community Partners				Internal Communications is responsible for the governance, planning and execution of company-wide employee communications and internal communication channels (such as the company intranet, employee app and all company forums) that provide employees with the information they need to be engaged company advocates aligned with business objectives.				
	Enterprise Safety & Operational Reliability				The Corporate and Business Communications team is responsible for providing public relations and communications support and advice to the Enterprise, at a corporate level and in support of business units. This includes providing counsel and execution support on advertising, collateral development, public relations and marketing efforts at all levels of the organization.				



Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer
Corporate Governance	Corp Law General Expenses	SC	25%	Yes	Coordinates and provides corporate-wide legal counsel and consultation to business units. They maintain and update corporate wide policies relating to contract administration, business conduct statements and corporate emergency response plans.	SB/RB	EGNB relies on the Enbridge reputation. The overall strength of Enbridge and how it is perceived in the market provides a foundation for the benefits that EGNB receives from being part of Enbridge, including relying on the strength of the Enbridge name in dealings with industry stakeholders and the public.
	Group VP Law			No	Provides executive level expertise and guidance, as well as overall direction for significant compliance and governance initiatives.		
	Compliance Group Law				Group's primary focus is communication, training, monitoring, investigating, tracking and reporting of compliance assurance activities necessary to promote enterprise wide adherence to the Enbridge Compliance Program.		
	Public, Government & Aboriginal Affairs			Yes	The Industry Relations & CSR service provides the required affiliate representation to major energy stakeholders e.g. suppliers, industry associations, and other energy companies in the energy industry. It supports this service by providing the required representation with community stakeholder and interest groups, specifically related to, but not exclusive to educational institutions, environmental interest groups, health and safety organizations, officials and committees and various industry associations. Corporate Social Responsibility (CSR) is an enterprise-wide function that manages the effectiveness with which the company meets its obligations, and achieves its objectives, with respect to being a responsible and good corporate citizen. More specifically the CSR function is responsible for public reporting and disclosure on the company's non-financial performance according to generally accepted guidelines for corporate reporting on social, environmental and governance issues. The Government Relations service ensures Enbridge's interests are heard by government (federal, provincial and municipal) officials, departments and committees. It supports this service by meeting with government representatives on major issues affecting the company.		
	Corporate IT		Responsible for providing systems to support the overall requirements of Enbridge Corporate Office by providing systems, tools, and project management.				
	Corporate Development Management	SC	25%	No	Provides senior leadership and advice regarding the strategic affairs of the company. This office also oversees the activities of corporate strategy and investment review of the various businesses.		Economies of scale allow this service to be provided at a lower rate than if EGNB was required to outsource these activities to consultants.
	Records Management Law			Responsible for the establishment and maintenance of Enbridge (physical and electronic) records. This includes providing strategies, policies, standards, tools, and program management including compliance monitoring to support records management.			

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer
Corporate Governance	Corp Secretarial Legal Fees	DC	100%	Yes	This group is responsible for the efficient administration of Enbridge, particularly with regard to ensuring compliance with statutory and regulatory requirements related to filings and dealing with securities and exchange commissions and for ensuring that decisions by the Board of Directors are implemented.		Limits the number of external legal service providers to allow efficiency of outside legal services and volume based fee reductions.
	Insurance Risk	DC	100%	Yes	Responsible for identifying corporate risks relating to insurance premiums.	SB	Risk management is beneficial to ratepayers to ensure that EGNB does not take on an inappropriate amount of risk that may impact the short and long-term viability of EGNB. This expertise is highly specialized and EGNB would not have internal resources to fulfill this service and could pose significant risk if it was not available. External resources would cost more than current costs allocated.
	Risk Assessment				The Risk Assessment and Management service is responsible for identifying corporate risks, supply and demand risks, operational risks, and external risks, understanding their implications and developing mitigation strategies. The Enterprise Risk Department supports this service by assuming responsibility for assessing, advising on and executing transactions related to mitigating the financial market risk. In addition, the Enterprise Risk Department monitors the credit risk exposure and reports all risk exposures to the Corporate Leadership Team, affiliate Executives and Audit, Finance and Risk Committee.		
	Treasury				Responsible for ensuring optimal liquidity for the long-term and short term.		
	Corporate Performance Management				Responsible for Budgets & Forecasts for Enbridge Inc. as well as the annual consolidated budget, LRP and forecasting of all BU's.		
	Insurance Premiums	DC	100%	Yes	<ul style="list-style-type: none"> <li>Property Insurance protects against most risks to EGNB's property.</li> <li>Liability Insurance protects EGNB against liability claims.</li> <li>Automobile Insurance protects EGNB's vehicles against physical damage and liabilities resulting from traffic accidents.</li> <li>Executive Risk insurance mitigates the personal responsibility of EGNB's representatives. (Partially disallowed for 2016.)</li> <li>Fiduciary Risk Insurance protects EGNB against claims against pension and savings plans.</li> <li>Crime Insurance covers EGNB's losses due to criminal victimization.</li> <li>Professional Liability mitigates the personal responsibility of EGNB's representatives.</li> </ul> Broker Insurance covers the Broker's commission for arranging EGNB's insurance coverage.	DB/SB	These insurance policies would be negotiated on economies of scale therefore lower premiums than if negotiated individually.

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer
Corporate Governance	Audit Services (Calgary)	N-AC	0%	Yes	Audit Services performs financial, compliance, information technology and operations audits and manages the staff devoted to specific business units.	SB/RB	Provides assurance to ratepayers that EGNB is following all the requirements of GAAP and regulatory compliance. The Toronto office provides direct services relating to regulatory financials whereas the Calgary office provides services for both regulatory and non-regulated accounting services. The ratepayers benefit from the economies of scale and pay significantly less than if these activities were outsourced to consultants.
	Audit Services (Toronto)	DC	100%				
	Stock Based Compensation (Indirect)	SC	10%		Stock based compensation refers to compensation that is made in the form of stock options. Individuals at the Director level and above within Enbridge Inc. would typically be eligible for this compensation. As stock based compensation forms part of a competitive total compensation package for Enbridge Inc. employees, it supports the overall operations of Enbridge Inc. and Enbridge Inc.'s ability to attract and retain properly skilled employees.	SB	Enbridge like many companies offers its executive stock options. These options are an important part of the compensation packages to attract high level executives with extensive experience and qualifications. If removed, the stock options would have to be replaced by more costly compensation. EGNB benefits from being part of an organization that has a highly qualified management team and this benefit is passed on to the ratepayer.
	Stock Based Compensation (Direct)	DC	100%				
Information Technology	EEP Charge (IT Shared Services)	N-AC	0%		IT shared services provided by Enbridge Pipeline Inc on behalf of Enbridge.	SB/RB	The initial capital investment for information technology is very high and would require additional staffing to operate and maintain the systems. Although EGNB, as a stand-alone company, could operate with less complex information technology, the costs associated with initial capital investment and additional staff requirements would be equal or greater than the allocation currently paid for a high end information technology service offered by Enbridge. Ratepayers benefit from the use of best in class technology at a lower or equivalent priced technology. EGNB benefits from these services through use of Enbridge access to current information technology approaches, application suites, data storage in Toronto, software updates, training, etc. which are rolled out and governed by this corporate department.
	Enterprise Architect	SC	50%		The enterprise architecture department develops and monitors enterprise wide strategies, policies and standards for information technology.		
	IT ES EMC				The IT Enterprise Service Enterprise Content Management (ECM) Department is responsible for designing, implementing and managing our content management systems. These systems ensure that Enbridge information is appropriately managed in accordance with the content management and retention policies and guidelines provided by the Corporate Law department. Management of these systems and their content in accordance with the retention policies ensures supports Enbridge's information retention, discovery and disclosure requirements.		
	IT ISS Management				Responsible for ensuring that appropriate financial, resource, project and service management processes and procedures are in place within IT Infrastructure Shared Services. As well as ensuring the processes exist, the department is responsible for ensuring that the processes are used and that they are effective and efficient		
	Knowledge Management	Responsible for developing, maintaining and publishing records and information management policies and procedures.					
	CIO	DC	100%	Responsible for setting corporate strategy and standards with respect to the use of Information Technology. Responsible for determining what information technology tools and approaches should be used across the business units to maximize efficiency and effectiveness in that delivery function.	The cost of outsourcing technology information expertise would be significantly higher than the amount allocated to EGNB.		

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer	
	Depreciation	DC	100%		Depreciation on Enbridge Inc. enterprise wide systems which EGNB would gain value from relating to IT programs such as: Enterprise, Oracle, IAM, PeopleSoft.	SB/RB	The cost of outsourcing technology information expertise would be significantly higher than the amount allocated to EGNB.	
	Depreciation Risk Management				Responsible for identifying corporate risks relating to Information technology.			
Information Technology	Enterprise Financial System (EFS) Support	DC	100%	Yes	Enterprise Financial System is a suite of common systems and business processes, i.e. Oracle for financials, Khalix for budgeting.	SB/RB		Economies of scale allow this service to be provided at a lower rate than if EGNB was required to outsource these activities to consultants.
	HR Business Solution Services				The support services for all IT programs relating to HR, i.e. PeopleSoft.			
	HRIS Services				The HRIS Program Management and Development service provides consulting services for support of the development and management of on-going HRIS and other HR technology system projects, including design, development, implementation and coordination of project teams.			
	IAM System				Program related used for on-boarding of new staff.			
	Acquisitions				Responsible for assessing the impact to IT of potential acquisitions and then support during the onboarding of the acquired business by providing IT systems, tools and project management.			
	IT Security Operations				Responsible for operating the Enterprise Security Operations Center in Calgary as well as the systems and programs that monitor Enbridge's technical infrastructure for security threats and attacks. This team performs these monitoring activities and required responses 24 hours a day.			
	IT Application Operations				Provides application support required for Enbridge's daily operations. This includes core business applications such as corporate information systems, the systems used to schedule and monitor pipelines and invoice customers, specialized systems that support the unique business requirements of departments and standard desktop applications. Activities consist of system administration (software upgrades, patches & active monitoring to ensure availability and reliability targets are met), database administration (ensuring integrity and availability) and application technical support.			
	Public Web Systems				Responsible for providing systems to support the overall public internet requirements of Enbridge by providing systems, tools, and project management. The systems portfolio that supports the public web systems service includes Site Core Content Mgmt. System and Google Analytics.			
	IT Security	Responsible for IT security governance and planning, maintenance of a core set of security policies, detection of security threats and vulnerabilities, assessment of security risks, managing IT Risk Management policy compliance, planning and execution of security awareness program.						
	IT Planning and Governance	Responsible for ensuring that IT projects, finances and resources are effectively planned, forecast and managed across all of Enbridge.						

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Information Technology	IT ISS Service Support	DC	100%	Yes	Responsible for the systems and processes that support IT operations across the Enterprise. They provide services such as the IT Service Desk , Incident Management and Response, Problem Management and Response and Asset Management. The IT ISS Service Support Department performs these monitoring activities and responds 24 hours a day, every day of the year.	SB/RB	Economies of scale allow this service to be provided at a lower rate than if EGNB was required to outsource these activities to consultants.
	IT ISS Network				Responsible for the systems and processes that provide network services for data and voice (telephones) across the Enterprise. These services are required for Enbridge to perform all of its business and support activities. Without the network Enbridge cannot operate its pipelines, gas processing and gas distribution systems, nor can it perform any administrative services like collecting or paying invoices. The IT ISS Network Operations Department supports and operates these systems 24 hours a day, every day of the year.		
	IT ISS Core Infrastructure				Responsible for operating our data centers and the systems that reside with them. Our primary data centers are in Edmonton, Toronto and Houston, with smaller data centers in Thorold, Dallas and many other locations. These data centers house our critical business systems like PipeLink in LP and CIS in GD as well as our many business support systems like Oracle Financials, PeopleSoft and email. The IT Core Infrastructure Department supports and operates these facilities and systems 24 hours a day, every day of the year.		
	Core Infrastructure				US invoices budgeted and managed centrally through CORP for Server Support Team (Unix, Windows), Core Infrastructure Architecture & Engineering, Datacenter Services, Enterprise Data Storage & Backup, DBA Support, Virtualization Administration. This budget was previously included in IT ISS Core Infrastructure. These charges could not be paid through the CORP cost centre due to accounts payable tax considerations.		
	Network Operations				US invoices budgeted and managed centrally through CORP for Network Architecture & Planning, Network Administration, US Infrastructure Team, Remote Data Circuits and Office Telephone (including long distance) Costs Other Telecommunication Costs. This budget was previously included in IT ISS Network. These charges could not be paid through the CORP cost centre due to accounts payable tax considerations.		
	Desktop Services				US invoices budgeted and managed centrally through CORP Desktop Services and Messaging Administration. This budget was previously included in IT Security Operations. They are now shared with IT ES Desktop Services and IT ISS Service Support in CORP. These charges could not be paid through the CORP cost centre due to accounts payable tax considerations.		
	IT LP Acquisitions				Responsible for the analysis and procurement of IT systems and software for business units throughout the enterprise.		

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer
Information Technology	Productivity Services	DC	100%	Yes	US invoices budgeted and managed centrally through CORP Meeting Room Collaboration and AV, Mobility Services (includes BES server and monthly operating costs for cellular devices). This budget was previously included in IT Security Operations. They are now shared with IT ES Desktop Services and IT ISS Service Support in CORP. These charges could not be paid through the CORP cost centre due to accounts payable tax considerations.	SB/RB	Economies of scale allow this service to be provided at a lower rate than if EGNB was required to outsource these activities to consultants.
	IT ES Desktop Services				US invoices budgeted and managed centrally through CORP Desktop Services and Messaging Administration. This budget was previously included in IT Security Operations.		
	Enterprise Operations				Enterprise infrastructure and application monitoring, 24 X 7 service. Major incident response enterprise wide.		
Human Resources	Organizational Effectiveness	SC	50%	Yes	Provides the learning framework that supports the organization's business strategy and ensures appropriate leadership skills and succession development, career and performance management.	SB	Resource Management is a function required in operating an effective company and would be required if EGNB was a stand-alone company. The services offered at the corporate level provide economies of scale that would not be achievable if EGNB had to outsource or add additional staff to undertake the HR functions provided at a corporate level. These services ensure consistency regarding HR services and help to attract and retain highly qualified people to its work force. EGNB currently does not have staff to fulfill the requirements of a payroll function. Centralized services allow negotiating on economies of scale, for example, lower rates for all expenses relating to travel and standardized expenditures and travel policies by all employees.
	Total Compensation (HR)				Development and execution of the total compensation strategy through managing the analysis, design, implementation, communication and automation of pay systems, perquisites, benefits and retirement programs.		
	HR Change Management				Change Management helps change happen more effectively to improve business performance, decrease risk and increase change agility. The change management team supports strategic and project change work. Strategic Change work is about strengthening the change competency of our employees. Awareness and understanding on how to apply change management and how it can help you be more successful in your day to day work and with leading your team. We provide tools, coaching and examples to build the change competency. Project change work, our team works with a project team to support stakeholders to transition from the current state to a future state, builds engagement, buy-in and participation to understand the how and why of change, accelerates value realization, speed of adoption, utilization rate, proficiency, accelerates and improves the success of adoption and reinforcement. A change specialist will deliver, communications, training, business readiness plans, and sponsor coaching.		
	HR (BU/DEPT Costs)				A centralized cost center used to provide for severance costs for Corporate Employees. As the severance costs are usually lumpy and unpredictable on an individual department basis, this centralized cost center is created to carry a central budget for severance costs in HR and to charge any actual severance costs against it.		
	Corporate Admin.	DC	100%		Negotiate, execute and maintain all 3 <sup>rd</sup> party travel agreements/contracts on behalf of all Enbridge business units. Development and oversight of employees expense reporting policies and existing corporate card programs.	SB/RB	

Allocation	Corporate Allocation	Cost Type	% Allocated to Regulated Activities	Stand-Alone	Definition of service	Benefit	Benefit to Ratepayer
Human Resources	Corporate HR	DC	100%	Yes	This group is responsible for the oversight of all human resource initiatives in all companies that form part of the Enbridge group of companies. Responsible for O&M of the enterprise wide Human Resources Information System.	SB/RB	Resource Management is a function required in operating an effective company and would be required if EGNB was a stand-alone company. The services offered at the corporate level provide economies of scale that would not be achievable if EGNB had to outsource or add additional staff to undertake the HR functions provided at a corporate level. These services ensure consistency regarding HR services and help to attract and retain highly qualified people to its work force. EGNB currently does not have staff to fulfill the requirements of a payroll function. Centralized services allow negotiating on economies of scale, for example, lower rates for all expenses relating to travel and standardized expenditures and travel policies by all employees.
	Labour Relations				Lead labour relations strategy, policy and programs and ensure linked to corporate vision.		
	Strategic Development				This group is responsible for the strategic development of programs relating to human resources.		
	HR Employee Services				Provides enterprise payroll, benefits administration, data integrity and pension administration services as well as contact center services related to the support of each of these areas. Payroll services include processing time entered, calculating and confirming pay, remitting the bank file to Enbridge's banks (US and Canada) and generating employee pay statements. Benefits administration services include maintaining our benefits plans in PeopleSoft, processing and maintaining employee leaves of absence, interfacing with benefits carriers, reconciling financial records with our carriers, etc. Data integrity services include maintaining the master employee and position data in PeopleSoft and processing all changes to this data upon approved request. Pension administration services include maintaining our pension plans in PeopleSoft, processing retirements, interfacing with pension carriers, reconciling financial records with our carriers, etc. Contact center services include handling enterprise-wide employee inquiries, documenting inquiries in the case management system, entering basic employee transactions in Peoplesoft and providing outstanding service to employees.		
	HR PMO				The HR PMO (Project Management Office) department is responsible for special projects and project management of HR projects, especially project Monarch. Cost consist of professional and regulatory services.		
	Records Management Program				The records management department is responsible for determining policies for record management, and maintaining workplace records enterprise wide.		

\* New Addition 2016F

Table 2 - Corporate Allocations

		% Allocated to Regulated Activities under Approved Method (306)	% Allocated to Regulated Activities (2017 Budget)	2015 A Costs Allocated by Enbridge to EGNB (100%)	2015 A Amount included in Regulatory Statements	2015 A Amount in the proposed Methodology	2016 F Costs Allocated by Enbridge to EGNB (100%)	2016 F Amount included in Regulatory Statements	2016 F Amount in the approved Methodology	2017 B Costs Allocated by Enbridge to EGNB (100%)	2017 B Amount included in Regulatory Statements	2017 B Amount in the approved Methodology
1	Name											
2	Acquisitions	100%	100%	-	-	-	-	-	-	-	-	-
3	Audit Services (Calgary)	0%	0%	11,273	-	-	9,332	-	-	9,519	-	-
4	Audit Services -Shared fees (Toronto)	0%	0%	-	-	-	-	-	-	-	-	-
5	Business Taxes	0%	0%	-	-	-	-	-	-	-	-	-
6	Chief Executive Officer	0%	0%	9,171	-	-	8,326	-	-	8,493	-	-
7	Chief Financial Officer	0%	0%	2,482	-	-	4,340	-	-	4,426	-	-
8	Chief Information Officer	100%	100%	18,047	18,047	18,047	10,537	10,537	10,537	10,748	10,748	10,748
9	Compliance Group Law	25%	25%	67,724	16,931	16,931	63,364	15,841	15,841	64,631	16,158	16,158
10	Compliance Systems	0%	0%	7,441	-	-	7,166	-	-	7,309	-	-
11	Corp Law General Expense	25%	25%	2,462	615	615	1,255	314	314	1,280	320	320
12	Corp Secretarial Legal Fees	100%	100%	9,925	9,925	9,925	8,176	8,176	8,176	8,339	8,339	8,339
13	Corporate Admin.	100%	100%	-	-	-	13,393	13,393	13,393	13,661	13,661	13,661
14	Corporate Aviation	0%	0%	15,232	-	-	35,601	-	-	36,313	-	-
15	Corporate Controller	25%	25%	39,685	9,921	9,921	28,076	7,019	7,019	28,637	7,159	7,159
16	Corporate HR	100%	100%	34,341	34,341	34,341	30,608	30,608	30,608	31,220	31,220	31,220
17	Corporate Law	25%	25%	6,635	1,659	1,659	6,005	1,501	1,501	6,125	1,531	1,531
18	CORPORATE DEVELOPMENT MANAGEMENT	25%	25%	2,060	515	515	-	-	-	-	-	-
19	Corporate Secretarial	0%	0%	-	-	-	-	-	-	-	-	-
20	Depreciation	100%	100%	178,305	178,305	178,305	116,183	116,183	116,183	118,507	118,507	118,507
21	Directors Fees and Expenses	0%	0%	43,717	-	-	33,120	-	-	33,783	-	-
22	EEP Charge (IT Shared Services)	0%	0%	10,175	-	-	28,406	-	-	28,974	-	-
23	EFS Support	100%	100%	152,025	152,025	152,025	115,036	115,036	115,036	117,337	117,337	117,337
24	Employee Benefits	0%	0%	83,279	-	-	154,677	-	-	157,771	-	-
25	Enbridge Gas Distribution	0%	0%	17,548	-	-	1,304	-	-	1,330	-	-
26	Enbridge Pipelines Inc. Direct Charge	0%	0%	36,954	-	-	41,053	-	-	41,874	-	-
27	Enterprise Architecture	50%	50%	16,623	8,312	8,312	3,625	1,812	1,812	3,697	1,849	1,849
28	Executive VP People and Partners	0%	0%	3,674	-	-	2,698	-	-	2,752	-	-
29	Group VP Corporate Law	25%	25%	3,634	908	908	3,468	867	867	3,538	884	884
30	HR Business Solutions Services	100%	100%	18,996	18,996	18,996	18,380	18,380	18,380	18,747	18,747	18,747
31	HR (BU/DEPT COSTS)	50%	50%	3,939	1,969	1,969	6,372	3,186	3,186	6,500	3,250	3,250
32	HR CHANGE MANAGEMENT	100%	100%	2,643	2,643	2,643	4,836	4,836	4,836	4,933	4,933	4,933
33	HR EMPLOYEE SERVICES (CORP)	100%	100%	43,325	43,325	43,325	35,736	35,736	35,736	36,451	36,451	36,451
34	HRIS Services	100%	100%	61,932	61,932	61,932	57,076	57,076	57,076	58,217	58,217	58,217
35	IAM SYSTEMS	100%	100%	24,515	24,515	24,515	-	-	-	-	-	-
36	Insurance Premiums (100% except Executive Risk disallowance)	100%	100%	291,705	158,939	291,705	226,148	144,283	226,148	230,671	170,671	170,671
37	Insurance Risk	100%	100%	5,800	5,800	5,800	5,088	5,088	5,088	5,190	5,190	5,190
38	Investment Review	0%	0%	3,052	-	-	-	-	-	-	-	-
39	Investor Relations	0%	0%	4,268	-	-	3,370	-	-	3,437	-	-
40	IT Planning and Governance	100%	100%	20,358	20,358	20,358	11,908	11,908	11,908	12,146	12,146	12,146
41	IT Security	100%	100%	10,573	10,573	10,573	37,240	37,240	37,240	37,985	37,985	37,985
42	IT Security Operations	100%	100%	42,905	42,905	42,905	39,558	39,558	39,558	40,350	40,350	40,350
43	Application Operations	100%	100%	17,094	17,094	17,094	8,576	8,576	8,576	8,748	8,748	8,748
44	IT ES EMC	50%	50%	24,828	12,414	12,414	13,993	6,697	6,697	13,661	6,831	6,831
45	IT Management	50%	50%	8,702	4,351	4,351	1,921	961	961	1,960	980	980
46	IT ISS SERVICE SUPPORT	100%	100%	54,765	54,765	54,765	54,586	54,586	54,586	55,678	55,678	55,678
47	IT ISS NETWORK	100%	100%	227,930	227,930	227,930	28,217	28,217	28,217	28,782	28,782	28,782
48	IT ISS CORE INFRASTRUCTURE	100%	100%	58,277	58,277	58,277	59,294	59,294	59,294	60,480	60,480	60,480
49	IT Special Projects	100%	100%	-	26,342	-	-	-	-	-	-	-
50	Labour Relations	100%	100%	-	-	-	-	-	-	-	-	-
51	Organizational Effectiveness	50%	50%	39,986	19,993	19,993	34,654	17,327	17,327	35,347	17,674	17,674
52	Other Employee Benefits	0%	0%	107,325	-	-	-	-	-	-	-	-
53	Pension Expense	0%	0%	107,138	-	-	128,669	-	-	131,242	-	-
54	Public Affairs & Corp. Comm.	25%	25%	-	-	-	-	-	-	-	-	-
55	Enterprise Communications & Community Partners	25%	25%	99,157	24,789	24,789	61,188	15,297	15,297	62,411	15,603	15,603
56	Public, Government & Aboriginal Affairs	25%	25%	13,232	3,308	3,308	6,246	1,561	1,561	6,370	1,593	1,593
57	Enterprise Safety & Operational Reliability	25%	25%	10,374	2,593	2,593	17,783	4,446	4,446	18,139	4,535	4,535
58	Public Web Systems	100%	100%	24,789	24,789	24,789	18,681	18,681	18,681	19,055	19,055	19,055
59	Records Management Law	25%	25%	2,962	740	740	3,074	768	768	3,135	784	784
60	Rent & Leases	0%	0%	83,679	-	-	869	-	-	886	-	-
61	Stock Based Compensation (Indirect)	10%	10%	241,228	-	24,123	205,567	18,810	20,557	209,678	20,968	20,968
62	Stock Based Compensation (Direct)	100%	100%	113,742	108,834	113,742	85,108	81,078	85,108	86,810	86,810	86,810
63	Strategic Development	100%	100%	15,794	15,794	15,794	12,291	12,291	12,291	12,536	12,536	12,536
64	Tax Services (Calgary)	0%	0%	-	-	-	-	-	-	-	-	-
65	Total Compensation	50%	50%	30,657	15,328	15,328	30,752	15,376	15,376	31,367	15,684	15,684
66	Treasury	100%	100%	3,240	3,240	3,240	10,914	10,914	10,914	11,132	11,132	11,132
67	Audit Fees-El fee distribution	0%	0%	11,792	-	-	9,277	-	-	9,463	-	-
68	Enterprise Travel procurement Card program	0%	0%	13,302	-	-	7,478	-	-	7,627	-	-
69	IT LP ACQUISITIONS	100%	100%	-	-	-	2,121	2,121	2,121	2,164	2,164	2,164
70	Risk Assessment	100%	100%	-	-	-	3,676	3,676	3,676	3,749	3,749	3,749
71	HR PMO	100%	100%	-	-	-	2,740	2,740	2,740	2,795	2,795	2,795
72	Records Management Program	100%	100%	-	-	-	1,847	1,847	1,847	1,884	1,884	1,884
73	Corporate Performance Management	100%	100%	-	-	-	4,162	4,162	4,162	4,245	4,245	4,245
74	IT ES Desktop Services	100%	100%	-	-	-	47,607	47,607	47,607	48,559	48,559	48,559
75	Enterprise Operations	100%	100%	-	-	-	26,572	26,572	26,572	27,104	27,104	27,104
76	Core Infrastructure	100%	100%	-	-	-	19,256	19,256	19,256	19,641	19,641	19,641
77	Network Operations	100%	100%	-	-	-	28,881	28,881	28,881	29,458	29,458	29,458
78	Productivity Services	100%	100%	-	-	-	2,865	2,865	2,865	2,922	2,922	2,922
79	Desktop Services	100%	100%	-	-	-	7,156	7,156	7,156	7,299	7,299	7,299
80	Insurance	0%	0%	-	-	-	2,671	-	-	2,725	-	-
81	EECI Recovery	0%	0%	-	-	-	83,321	-	-	84,988	-	-
82				2,616,419	1,444,045	1,579,500	2,202,873	1,180,340	1,267,982	2,246,930	1,233,342	1,233,342
83	* denotes new allocation											



Table 3 - Affiliate Transactions

1 2014 Actual, 2015 Actual, 2016 Forecast &amp; 2017 Budget

2 Affiliate Transactions

3 **Service Level Agreements (SLA)**4 EGD

	2014 Actual	2015 Actual	2016 Forecast	2017 Budget
7 AP Services	\$ -	\$ 26	\$ 25	\$ 21
8 Fleet	466	432	398	430
9 HR Special Projects	-	13	14	19
10 Internal Audit Fees	45	78	40	40
11 IT Application Support	183	11	11	11
12 Legal	17	1	6	6
13 Management Fees	138	158	155	158
14 Nomination	178	124	126	128
15 Operations and Engineering Consulting	94	51	54	44
16 Payroll Admin	34	(0)	6	8
17 Professional Consulting (Rate Hearing)	-	3	1	-
18 ISNetworld project	-	1	2	2
19 Risk Management	8	9	6	8
20 Taxation	29	22	23	22
21	\$ 1,193	\$ 930	\$ 866	\$ 897
22				
23 <u>Gazifere</u>	\$ 845	\$ 821	\$ 846	\$ 877
24				
25 <u>Vendor Setup and Maintenance - EESI</u>	\$ -	\$ 7	\$ 14	\$ 14
26				
27 <b>TOTAL Service Level Agreements</b>	<b>\$ 2,038</b>	<b>\$ 1,757</b>	<b>\$ 1,726</b>	<b>\$ 1,788</b>
28				
29 <b>Corporate Allocations (Enbridge Inc)</b>				
30				
31 Audit	\$ -	\$ -	\$ -	\$ -
32 Compensation	142	152	156	159
33 EFS Support	484	918	682	696
34 Insurance	181	159	144	171
35 Shared Services	228	211	187	197
36 Treasury	-	3	11	11
37 <b>TOTAL Corporate Allocations</b>	<b>\$ 1,035</b>	<b>\$ 1,444</b>	<b>\$ 1,180</b>	<b>\$ 1,233</b>
38				
39 <b>Total SLA &amp; Corporate Allocations</b>	<b>\$ 3,073</b>	<b>\$ 3,201</b>	<b>\$ 2,906</b>	<b>\$ 3,021</b>

40

41

42 **Functional view (Illustrative purposes only)**

	2014 Actual	2015 Actual	2016 Forecast	2017 Budget
44				
45 Corporate	\$ 1,312	\$ 1,145	\$ 1,077	\$ 1,141
46 Customer Care	845	821	846	877
47 Finance	74	140	115	111
48 Human Resources	175	165	175	186
49 Information Technology	667	930	693	706
50				
51 <b>Total SLA &amp; Corporate Allocations</b>	<b>\$ 3,073</b>	<b>\$ 3,201</b>	<b>\$ 2,906</b>	<b>\$ 3,021</b>