

SUMMARY  
RETURN ON EQUITY & EARNINGS SHARING DETERMINATION  
ENBRIDGE GAS DISTRIBUTION

ONTARIO UTILITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

Line No.	Col. 1 Description	Col. 2 Reference	Col. 3 Actual Normalized (\$millions) & (%'s)
1.	<u>Part A) Return on Rate Base &amp; Revenue (Deficiency) / Sufficiency</u>		
2.	Gas Sales	(Ex.B,T5,S2,P1,Col.1,line 1)	2,311.8
3.	Transportation Revenue	(Ex.B,T5,S2,P1,Col.1,line 2)	319.2
4.	Transmission, Compr. and Storage Revenue	(Ex.B,T5,S2,P1,Col.1,line 3)	6.4
5.	Less Cost of Gas	(Ex.B,T5,S2,P1,Col.1,line 8)	<u>1,497.1</u>
6.	Gas Distribution Margin		1,140.3
7.	Other Revenue	(Ex.B,T5,S2,P1,Col.1,line 4)	41.9
8.	Other Income	(Ex.B,T5,S2,P1,Col.1,line 6)	<u>1.1</u>
9.	Total - Other Revenue & Income		43.0
10.	Operations & Maintenance (incl. CC/CIS rate smoothing adj.)	(Ex.B,T5,S2,P1,Col.1,line 9)	449.7
11.	Depreciation & amortization	(Ex.B,T5,S2,P1,Col.1,line 10)	292.7
12.	Fixed financing costs	(Ex.B,T5,S2,P1,Col.1,line 11)	3.2
13.	Municipal & capital taxes	(Ex.B,T5,S2,P1,Col.1,line 12)	<u>43.1</u>
14.	Total O&M, Depr., & other		788.7
15.	Utility Income before Income Tax	(line 5 + line 9 - line 14)	<u>394.6</u>
16.	Less: Income Taxes	(Ex.B,T5,S2,P1,Col.1,line 17)	<u>17.3</u>
17.	Utility Income		<u>377.3</u>
18.	Gross plant	(Ex.B,T2,S1,P1,Col.1,line 1)	8,588.4
19.	Accumulated depreciation	(Ex.B,T2,S1,P1,Col.1,line 2)	<u>(3,017.4)</u>
20.	Net plant		5,571.0
21.	Working capital	(Ex.B,T2,S1,P1,Col.1,line 11)	<u>338.0</u>
22.	Utility Rate Base		<u>5,909.0</u>
23.	Indicated Return on Rate Base %	(line 17 / line 22)	6.385%
24.	Less: Required Rate of Return %	(Ex.B,T5,S1,P1,Col.4,line 6)	<u>6.301%</u>
25.	(Deficiency) / Sufficiency %		0.084%
26.	Net Earnings (Deficiency) / Sufficiency	(line 25 x line 22)	4.97
27.	Provision for Income Taxes		<u>1.79</u>
28.	Gross Earnings (Deficiency) / Sufficiency	(line 26 divide by 73.5%)	<u>6.76</u>
29.	50% Earnings sharing to ratepayers	(line 28 x 50%)	<u>3.38</u>
30.	<u>Part B) Return on Equity &amp; Revenue (Deficiency) / Sufficiency</u>		
31.	Utility Income before Income Tax	(Ex.B,T5,S2,P1,Col.1,line 16)	394.6
32.	Less: Long Term Debt Costs	(Ex.B,T5,S1,P1,Col.5,line 1)	171.9
33.	Less: Short Term Debt Costs	(Ex.B,T5,S1,P1,Col.5,line 2)	2.8
34.	Less: Cost of Preferred Capital	(Ex.B,T5,S1,P1,Col.5,line 4)	<u>2.2</u>
35.	Net Income before Income Taxes		217.8
36.	Less: Income Taxes	(Ex.B,T5,S2,P1,Col.1,line 17)	<u>17.3</u>
37.	Net Income Applicable to Common Equity	(line 35 - line 36)	<u>200.5</u>
38.	Common Equity	(Ex.B,T5,S1,P1,Col.1,line 5)	<u>2,127.2</u>
39.	Approved ROE %		9.190%
40.	Achieved Rate of Return on Equity %	(line 37 divide by line 38)	<u>9.423%</u>
41.	Resulting (Deficiency) / Sufficiency in Return on Equity %		0.233%
42.	Net Earnings (Deficiency) / Sufficiency	(line 38 x line 41)	4.97
43.	Provision for Income Taxes		<u>1.79</u>
44.	Gross Earnings (Deficiency) / Sufficiency	(line 42 divide by 73.5%)	<u>6.76</u>
45.	50% Earnings sharing to ratepayers	(line 44 x 50%)	<u>3.38</u>

Witness: R. Small