

2016 UNABSORBED DEMAND CHARGE DEFERRAL ACCOUNT
REQUESTED FOR CLEARANCE OCTOBER 1, 2017

2016 Unabsorbed Demand Charges Deferral Account (2016 UDCDA)

1. The purpose of the 2016 UDCDA is to record the actual cost consequences of unutilized contracted capacity contracted by the Company to meet its Peak Day requirements in 2016. A consequence of contracting for incremental long haul capacity is the possibility of unabsorbed demand charges (“UDC”).

Background

2. As part of its 2016 Rate Adjustment Application (EB-2015-0114), the Company requested the establishment of the 2016 UDCDA to record actual UDC for 2016. In the Application, Enbridge forecast 2016 UDC to be \$15.7 million (Exhibit D1, Tab 2, Schedule 1, Appendix A), which was based upon 7.7 PJ’s of unutilized capacity. Enbridge committed to using its best efforts to mitigate the UDC that would be otherwise recorded in the 2016 UDCDA.

Utilization of capacity in 2016

3. During the month of April 2016, Enbridge personnel reviewed the projected summer injection schedule. This review led Enbridge to make the decision to utilize as much as possible of the 7.7 PJ’s of the previously forecasted unutilized capacity for the June to September period.

Witnesses: K. Lakatos-Hayward
D. Small

4. The Company was able to avoid use almost all of the previously forecasted unutilized capacity. However, despite the Company's best efforts, the Company did incur UDC on one day late in the injection season of 0.1 PJ's, due to above forecast storage balances. Therefore the Company is seeking to recover a 2016 UDCDA balance of \$0.3 million from customers.

5. Attached is a copy of the 2016 UDC Management Report filed with interested parties on January 3, 2017.

Witnesses: K. Lakatos-Hayward
D. Small