

2016 STORAGE & TRANSPORTATION DEFERRAL ACCOUNT, 2016
TRANSACTIONAL SERVICES DEFERRAL ACCOUNT,
REQUESTED FOR CLEARANCE OCTOBER 1, 2017

2016 Storage and Transportation Deferral Account (2016 S&TDA)

1. The purpose of the 2016 S&TDA is to record the difference between the forecast of Storage and Transportation rates (both cost of service and market based pricing) included in the Company's approved rates and the final Storage and Transportation rates (both cost of service and market based pricing) incurred by the Company.
2. The S&TDA will also record the variance between the forecast Storage and Transportation demand levels and the actual Storage and Transportation demand levels. In addition the S&TDA will be used to record amounts received by the Company related to deferral account dispositions of other utilities deferral accounts.
3. The balance in the 2016 S&TDA that the Company is proposing to collect from customers is \$9.6 million plus interest.
4. The primary driver for the balance in the 2016 S&TDA is an increase in Union M12 tolls of approximately 10 % effective January 1, 2016 compared to the January 1, 2015 tolls that the 2016 gas cost budget was based upon.

2016 Transactional Services Deferral Account (2016 TSDA)

5. The concept of Transactional Services operates under the premise that if circumstances arise where the assets acquired by Enbridge to meet customer demand are not fully required then those assets can be made available to generate third party revenue. Transactional Services are the optimization of these assets.

Witnesses: K. Lakatos-Hayward
D. Small

6. Transactional services optimization can be grouped into two different categories – storage optimization and transportation optimization. Storage optimization transactions typically rely on storage or the loan of gas between two points in time at the same location (i.e., Dawn). Transportation optimization transactions typically rely on the exchange of gas on the day between two locations.
7. Any revenues received from transactional services are to be shared 90:10 between the ratepayer and the Company. The rates designed by the Company include an upfront benefit of \$ 12.0 million in Transactional Services revenue that has been applied to reduce the overall costs to be collected from ratepayers. The purpose of the TSDA is to capture the difference between the total ratepayer share of transactional services revenue and the amount already included in rates.
8. During 2016, the Company was able to generate a total of \$17.7 million in net Transactional Services revenue through a combination of Storage and Transportation Optimization. The attached schedule provides a breakdown of Transactional Services revenue by type of transaction, and sets out the details of the amount, \$ 4.04 million proposed to be cleared through the 2016 TSDA.
9. The transactions that Enbridge entered into in 2016 contained the three elements of Transactional Services as were described in the Company's evidence in EB-2013-0046 in that they were Unplanned, the result of a Third Party Service Request and were available because of Temporarily Surplus Capacity.

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