

CLEARANCE OF 2016 DEFERRAL AND VARIANCE ACCOUNT BALANCES

1. The Company is proposing to clear 2016 Deferral and Variance Account balances (as well as other balances set out at Appendix A to the Application – see Exhibit A, Tab 2, Schedule 1, Appendix A) to customers during the October and November 2017 billing cycles.
2. The unit rates for each type of service are shown at Exhibit C, Tab 2, Schedule 2, page 1. These unit rates will be applied to each customer's actual 2016 consumption volume for the period January 1, 2016 to December 31, 2016, and will be recovered or refunded as two equal billing adjustments in the months of October and November 2017.
3. Exhibit C, Tab 2, Schedule 2 shows the derivation of the proposed unit rates:
 - page 2 determines the balance (principal and interest) to be cleared for each Board-approved 2016 Deferral and Variance Account;
 - page 3 allocates account balances to the rate classes based on cost drivers for each type of account;
 - page 4 summarizes the allocation of account balances by rate class and type of service; and
 - page 5 derives the unit rates for the clearance / disposition by rate class and type of service. The unit rates are derived using actual 2016 consumption volumes for each rate class and each type of service.
4. The table on page 6 displays the bill adjustments in October and November 2017 for typical customers resulting from the clearance of the 2016 Deferral and Variance Account balances. These bill adjustments will be shown as a separate line item on customers' October and November 2017 bills.

Witnesses: J. Collier
A. Kacicnik
B. So

5. Although, the allocation of the balances within the Deferral and Variance Accounts to be cleared will be performed in the same manner as previous years, the Company would like to highlight proposed clearance methodology for the following four accounts which will be cleared for the first time as part of this application: 1) GTA Incremental Transmission Capital Revenue Requirement Deferral Account (“GTAITCRRDA”), 2) Rate 332 Deferral Account (“R332DA”), 3) Greenhouse Gas Emission Impact Deferral Account (“GGEIDA”), and 4) OEB Cost Assessment Variance Account (“OEBCAVA”).

GTAITCRRDA:

6. The GTAITCRRDA was first approved by OEB within EB-2014-0276 Final Accounting Order. The purpose of the GTAITCRRDA is to record the revenue requirement related to the upsizing of Segment A of the GTA project from NPS 36 pipeline to NPS 42 pipeline, resulting an incremental \$55 million of forecast capital costs. The incremental capital costs was incurred to provide transportation service to Rate 332 transportation service customers. The balance in the account represents revenue requirement to be collected from Rate 332 transportation service customers. Thus, the Company proposes to clear the balance of the GTAITCRRDA directly to Rate 332 transportation service customers.

R332DA

7. The purpose of the 2016 R332DA is to ensure that the Company’s bundled customers only pay for the revenue requirement on the transportation component of Segment A (of the GTA project), net of the revenue requirement on the incremental \$55 million in upsizing costs where Rate 332 transportation service was not available. In the 2016 rate application, the assumption was that Rate 332 transportation service would not be able to be offered during 2016. As a result,

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bundled customers were allocated the costs of the transportation component of Segment A, net of the revenue requirement on the incremental \$55 million in upsizing costs (which was to be recovered through the 2016 GTAITCRRDA). The 2016 R332DA would therefore be utilized should Rate 332 transportation service be offered at any point during 2016, to refund bundled customers Rate 332 billings received, net of any reduction in the amount forecast to be recovered through the 2016 GTAITCRRDA. In 2016, Rate 332 transportation service was offered in the months of November and December.

8. In other words, \$1.67M would need to be refunded to bundled customers in 2016. The Company proposes to clear the balance of 2016 R332DA to all bundled customers (system gas and direct purchase customers) based on total deliveries allocator under the Board approved cost allocation and rate design methodology.

GGEIDA:

9. The purpose of the GGEIDA is to record any financial impacts to Enbridge resulting from federal and provincial regulations related to greenhouse gas emission requirements.

10. In reference to the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities (EB-2015-0363), the Ontario Energy Board determined that administrative costs relating to the implementation and ongoing operation of the Cap and Trade program will be allocated and recovered from all customers in the same manner as existing administrative costs. Thus, the Company proposes to clear the balance of the GGEIDA to various customer classes based on the number of customers in each rate class.

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OEBCAVA

11. The purpose of 2016 OEBCAVA is to record any variance between the Board costs assessed to Enbridge under the previous cost assessment model which is included in rates during the custom IR term, and the latest Board cost assessment model.

12. The Company proposes to clear the balance to all customers based on the rate base factor under the Board approved cost allocation and rate design methodology. This approach mimics how the Ontario Hearing Costs Variance Account was cleared in previous similar proceedings (EB-2012-0055 and EB-2013-0046), 2011 Earnings Sharing and Deferral and Variance Account Clearances and 2012 Earnings Sharing and Deferral and Variance Account Clearances respectively.

Other

13. The Company is proposing to clear the 2016 balances in two equal installments since the total balance and bill adjustments are substantial relative to other years. In prior proceedings, with similar balances and bill adjustments (EB-2007-0615 and EB-2016-0142), the Ontario Energy Board directed the Company to clear the balance in two installments.

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