

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Ref: Deferral and Variance Account Balance Summary  
Exhibit A / Tab 2 / Schedule 1 / Appendix A

Preamble:

Enbridge provided a summary of the actual deferral and variance account balances at March 31, 2017 and the forecast for clearance amounts at October 1, 2017.

Question(s):

- a) Please confirm that the actual March 31, 2017 balances include only principal amounts as of December 31, 2016 (with interest to March 31, 2017).
- b) Please provide a statement confirming whether the balances proposed for disposition are consistent with the account balances reported in the applicant's 2016 RRR filing (2.1.7) and its 2016 audited financial statements. If a difference exists, please provide the nature of the difference along with an explanation to support why the balance being sought for disposition is appropriate.
- c) Please advise whether there are any deferral and variance accounts that are currently in use by Enbridge but have not been listed in the Deferral and Variance Account Balance Summary (with the exception of the QRAM-related deferral accounts). If so, please list each account name and the corresponding balance in the account as at December 31, 2016 (including interest). Please also explain the nature of each account and why it is not being brought forward for disposition as part of this proceeding. This should include any accounts that had been opened in previous years but never disposed.
- d) Please advise whether there have been any adjustments made to non-QRAM related deferral and variance account balances that were previously approved by the OEB on a final basis during the current custom IR term. If so, please provide an explanation of the nature and amount of any adjustment and include any supporting documentation. Please also advise how such adjustments have been recorded and what accounts were used to record them.

Witness: R. Small

RESPONSE

a & b) The following table provides a comparison of the Actual December 31, 2016, versus March 31, 2017 deferral and variance account balances. As seen and detailed in the table and accompanying notes, there were 8 accounts in which the principal balance changed between December 31, 2016 and March 31, 2017. The balances shown as at December 31, 2016 agree with those included in the Company's 2016 RRR filing (2.1.7) and audited consolidated financial statements.

ENBRIDGE GAS DISTRIBUTION INC.  
 DEFERRAL & VARIANCE ACCOUNT  
ACTUAL BALANCES

Line No.	Account Description	Account Acronym	Col. 1		Col. 2		Col. 3		Col. 4		Col. 5
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
			Actual at December 31, 2016				Actual at March 31, 2017				Principal Variance
			(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)		
<u>Non Commodity Related Accounts</u>											
1.	Demand Side Management V/A	2015 DSMVA	825.5	11.2	825.5	13.4	-	-	-	-	-
2.	Demand Side Management V/A	2016 DSMVA	(704.0)	-	(704.0)	(1.9)	-	-	-	-	-
3.	Lost Revenue Adjustment Mechanism	2015 LRAM	(72.3)	-	(72.3)	(0.2)	-	-	-	-	-
4.	Demand Side Management Incentive D/A	2015 DSMIDA	6,068.6	5.6	6,068.6	22.3	-	-	-	-	-
5.	Deferred Rebate Account	2016 DRA	7,712.1	41.3	7,712.2	62.5	0.1	1	-	-	-
6.	Manufactured Gas Plant D/A	2016/2017 MGPDA	566.3	39.6	570.4	41.1	4.1	2	-	-	-
7.	Gas Distribution Access Rule Impact D/A	2016 GDARIDA	-	-	-	-	-	-	-	-	-
8.	Average Use True-Up V/A	2016 AUTUVA	13,152.5	-	13,152.5	36.2	-	-	-	-	-
9.	Earnings Sharing Mechanism Deferral Account	2016 ESMDA	(3,200.0)	-	(3,400.0)	(8.8)	(200.0)	3	-	-	-
10.	Customer Care CIS Rate Smoothing D/A	2016 CCCISRSDA	(779.9)	(5.3)	(779.9)	(8.1)	-	-	-	-	-
11.	Customer Care CIS Rate Smoothing D/A	2015 CCCISRSDA	1,124.2	4.1	1,124.2	8.3	-	-	-	-	-
12.	Customer Care CIS Rate Smoothing D/A	2014 CCCISRSDA	2,927.0	10.8	2,927.0	21.5	-	-	-	-	-
13.	Customer Care CIS Rate Smoothing D/A	2013 CCCISRSDA	4,634.9	17.0	4,634.9	34.1	-	-	-	-	-
14.	Transition Impact of Accounting Changes D/A	2016/2017 TIACDA	70,972.8	-	70,972.8	-	-	-	-	-	4
15.	Post-Retirement True-Up V/A	2016 PTUVA	(9,660.7)	-	(9,660.7)	(26.6)	-	-	-	-	-
16.	Constant Dollar Net Salvage Adjustment D/A	2016/2017 CDNSADA	38,253.4	-	37,853.9	-	(399.5)	5	-	-	-
17.	Credit Final Bill D/A	2016 CFBDA	(1,524.4)	-	(1,524.4)	(4.2)	-	-	-	-	-
18.	GTA Incremental Transmission Capital Rev. Req. D/A	2016 GTAITCRRDA	4,281.4	17.9	4,281.4	30.0	-	-	-	-	-
19.	Greenhouse Gas Emissions Impact D/A	2016 GGEIDA	939.8	4.3	939.8	6.9	-	-	-	-	-
20.	Rate 332 D/A	2016 R332DA	(1,651.6)	(0.5)	(1,651.6)	(5.0)	-	-	-	-	-
21.	OEB Cost Assessment V/A	2016 OEBCAVA	1,928.0	-	1,928.0	5.3	-	-	-	-	-
22.	Total non commodity Related Accounts		135,793.6	146.0	135,198.3	226.8	(595.3)				
<u>Commodity Related Accounts</u>											
23.	Transactional Services D/A	2016 TSDA	(3,849.4)	(1.8)	(4,036.3)	(12.8)	(186.9)	6	-	-	-
24.	Storage and Transportation D/A	2016 S&TDA	9,622.3	49.2	9,618.3	80.3	(4.0)	7	-	-	-
25.	Unaccounted for Gas V/A	2016 UAFVA	13,455.8	-	7,921.4	26.9	(5,534.4)	8	-	-	-
26.	Unabsorbed Demand Cost D/A	2016 UDCDA	282.8	0.3	282.8	1.0	-	-	-	-	-
27.	Total commodity related accounts		19,511.5	47.7	13,786.2	95.4	(5,725.3)				
28.	Total Deferral and Variance Accounts		155,305.1	193.7	148,984.5	322.2	(6,320.6)				

Notes:

- 1 The change in the principal balance of the 2016 DRA was due to backdated billing adjustments, related to deferral account clearance, processed between January and March 2017.
- 2 The balance in the 2016 MGPDA was rolled into the 2017 MGPDA at the beginning of the year. The increase in the balance between December and March reflects additional costs incurred during that time.
- 3 The 2016 ESMDA amount payable was adjusted to reflect the impact of allocating \$5.56M in base pressure gas to unregulated storage, as per the 2016 Rate Case Decision, and as discussed in Exhibit B, Tab 1, Schedule 1.
- 4 The balance in the 2016 TIACDA was rolled forward into the 2017 TIACDA at the beginning of the year.
- 5 The balance in the 2016 CDNSADA was rolled forward into the 2017 CDNSADA at the beginning of the year. The balance change reflects the December 2016 true-up of actual versus estimated site restoration cost refund amounts versus the approved amount, as well as the impact of Q1 2017 actual versus approved site restoration cost refund amounts.
- 6 The balance in the 2016 TSDA was adjusted to reflect the difference between actual and estimated December 2016 transactional services results.
- 7 The balance in the 2016 S&TDA was adjusted to reflect the difference between actual and estimated December 2016 results.
- 8 The balance in the 2016 UAFVA was adjusted to reflect the impact of the difference between the December estimated UAF and the actual UAF amount.

Witness: R. Small

- c) All deferral and variance accounts utilized by the Company, as of December 31, 2016, with the exception of the PGVA, are listed in the table above.
  
- d) The TIACDA balance is the only balance which the Board has previously approved on a final basis. Within EB-2011-0354 the Board approved the recovery of the TIACDA over a 20 year period, commencing in 2013. The final amount recorded in the TIACDA as of the end of 2012 was \$88.716 million. That balance has subsequently been adjusted to reflect the recovery of the first four installments (for each of 2013 through 2016) of \$4.436 million each (1 / 20 of \$88.716 million), which were approved for recovery within the EB-2013-0046, EB-2014-0195, EB-2015-0122, and EB-2016-0142 proceedings.