

BOARD STAFF INTERROGATORY #10

INTERROGATORY

Ref: 2016 Deferred Rebate Account
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Preamble:

Enbridge noted that the balance in the 2016 Deferred Rebate Account is a \$7.7 million debit and reflects the outstanding amounts resulting from the clearance of deferral and variance accounts which occurred during 2016 and the inability to locate all intended customers.

Question(s):

- a) Please show how the balance in the account was calculated.
- b) Please explain the statement “inability to locate all intended customers.”
- c) Please advise whether the large balance in this account is due to Enbridge’s retrospective approach to clearing deferral and variance account balances (i.e. application of a unit rate to each customer’s previous year’s actual consumption).

RESPONSE

- a) The purpose of the DRA is to record any amounts payable to, or receivable from, customers of Enbridge Gas Distribution as a result of the clearing of deferral and variance accounts authorized by the Board which remain outstanding due to the Company's inability to locate such customers. As a result, the account balance was calculated in the following manner. First, the September 30, 2016 principal and interest balance for each individual deferral and variance account approved for clearance as part of the 2015 ESM and Deferral Clearance application, EB-2016-0142, was transferred from its individual account to the 2016 DRA, which totaled a debit/receivable of \$67.3 million. The receivable was then offset by the amounts able to be billed to customers, through the application of the unit rates approved in EB-2016-0142, multiplied by their 2015 historical volume. A summary of the impact of the transactions on the 2016 DRA is shown below.

Witnesses: D. McIlwraith
R. Small

Debit 2016 DRA: Sum of D/A Balances Approved for clearance in EB-2016-0142	\$	67.3
Credit 2016 DRA: Total Amount Billed to customers	\$	(59.5)
2016 DRA Balance Requested for Clearance	\$	<u>7.7</u>

- b) The approach used in clearing deferral accounts is to calculate unit rates (by rate class) based on total historical volumes, in this case 2015 volumes. However, by the time the deferral clearance was billed to customers, a portion of customers, because of moves and other account changes were no longer active. As a result of this “inability to locate the intended customers”, the deferral clearance unit rates were not able to be assessed against all of the historical customers and or volumes. Therefore the full deferral clearance balance was not able to be billed and the shortfall/difference resides in the DRA.
- c) In the Company’s view, the 2016 DRA balance is a function of two factors. First, the large magnitude of the amount that was attempted to be recovered, \$67.3 million, as approved in EB-2016-0142, the recovery of which was based on 2015 historical volumes. Second, the inability to apply the approved unit rates to all of the historical volumes (as discussed in part b) above).

Witnesses: D. McIlwraith
R. Small