

BOARD STAFF INTERROGATORY #12

INTERROGATORY

Ref: 2016 Ontario Energy Board Cost Assessment Variance Account
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Preamble:

The purpose of the Ontario Energy Board Cost Assessment Variance Account is to record any material variances between the OEB costs assessed to Enbridge through the application of the revised Cost Assessment Model and the OEB costs which were included in rates during the Custom IR term (based on the prior Cost Assessment Model).

Enbridge noted that the 2016 Ontario Energy Board Cost Assessment Variance Account has a debit balance of \$1.93 million. The balance reflects the variance between the actual OEB costs assessed to Enbridge for each of the first three quarters of the OEB's 2016 / 2017 fiscal year utilizing the revised Cost Assessment Model and Enbridge's average actual quarterly OEB cost assessment for the OEB's 2015 / 2016 fiscal year using the prior version of the Cost Assessment Model.

Question(s):

- a) Please advise whether Enbridge is recording in the account the variance between the actual cost assessments received for April 2016, July 2016, and October 2016, which are based on the revised Cost Assessment Model, and the amount included in 2016 rates for OEB cost assessments. If not, please explain why and populate the following table:

	Revised CAM (a)	2016 Rates – Cost Assessment (based on previous CAM)* (b)	Variance (c = a-b)
April 2016	\$1.34 million		
July 2016	\$1.34 million		
October 2016	\$1.34 million		
Total	\$4.02 million		

*For each quarter, the amount included in the 2016 Rates – Cost Assessment column should equal the cost assessment amount included in 2016 rates divided by 4.

Witness: R. Small

RESPONSE

The OEB cost assessment amount included in Enbridge's 2016 rates was established in Enbridge's 2014 to 2018 Custom Incentive Regulation rate application, EB-2012-0459. Included within the 2016 "Other O&M" budget provided in that proceeding, was \$6 million for Ontario Hearing Costs. The Ontario Hearing Cost budget was the summation of a number of budgeted costs, including annual OEB cost assessments, as well as intervenor costs, legal fees, and other costs of participating in Ontario regulatory proceedings. In preparing that budget, it was the expectation that Enbridge's annual OEB cost assessment amounts would be approximately \$2.6 million. This expectation was based on the Board's fiscal 2012/2013 and fiscal 2013/2014 assessments to Enbridge, which were both approximately \$2.6 million. The Company would also note that the budgeted "Other O&M" amounts included in its 2014 to 2018 Custom Incentive Regulation rate application, were subsequently reduced as a result of the Board's EB-2012-0459 Decision.

Notwithstanding that the amount recovered in Enbridge's rates for OEB costs would be something less than \$2.6 million per year, for purposes of calculating amounts to be recovered through the OEBCAVA, the Company used the OEB's fiscal 2015 / 2016 cost assessment amount of \$2.8 million (or an average of \$0.7 million per quarter) as the comparator, as it was the most recent amount which the Company was expected to accommodate through its Custom Incentive Regulation established rates. Table 1 below, shows the calculation of the amount recorded in the 2016 OEBCAVA, while Table 2 shows the history of OEB costs assessed to the Company.

Table 1

	2016 Rates - Cost Assessment (based on previous CAM)*		
	Revised CAM (a)	(b)	Variance (c = a - b)
April 2016	1,342,470	699,846	642,624
July 2016	1,342,470	699,846	642,624
October 2016	1,342,572	699,846	642,726
Total	4,027,512	2,099,537	1,927,975

* Enbridge utilized the average of the OEB's fiscal 2015/2016 quarterly invoiced amounts, determined under the previous CAM, as representative of the OEB costs embedded in 2016 rates.

Table 2

OEB Cost Assessment

Based on OEB fiscal Year

	Qtr. #	Qtrly charge	Total for the year	Average/Qtr
		\$	\$	\$
OEB Fiscal 2012/2013	1	693,637		
	2	693,637		
	3	601,843		
	4	601,844	2,590,961	647,740
OEB Fiscal 2013/2014	1	651,336		
	2	651,336		
	3	651,336		
	4	633,004	2,587,012	646,753
OEB Fiscal 2014/2015	1	661,662		
	2	661,662		
	3	646,191		
	4	646,191	2,615,706	653,927
OEB Fiscal 2015/2016	1	656,800		
	2	656,800		
	3	655,137		
	4	830,646	2,799,383	699,846

Witness: R. Small