

BOARD STAFF INTERROGATORY #13

INTERROGATORY

Ref: 2016 Greater Toronto Area Incremental Transmission Capital Revenue Requirement Deferral Account
2016 Rate 332 Deferral Account
Exhibit C / Tab 1 / Schedules 14-15

Preamble:

OEB staff notes that the 2016 Greater Toronto Area Incremental Transmission Capital Revenue Requirement Deferral Account, the 2016 Rate 332 Deferral Account and the forecast of Rate 332 revenues included in 2016 rates are related.

Enbridge included no Rate 332 revenues as part of its 2016 rates application and on an actual basis \$2.3 million of Rate 332 revenues were generated through OEB-approved contract demand charges (between November 16 and December 31, 2016).

Question(s):

- a) Please show the calculation for the \$2.3 million of actual 2016 Rate 332 revenues (and provide a reference to the Rate Order where the OEB approved the Rate 332 contract demand charge).
- b) Please advise whether OEB staff's understanding of the interaction between the above noted accounts and 2016 rates as set out below is correct.

Witnesses: A. Kacicnik
R. Small

Category	Amount (\$M)	Description
Total Amount to be Recovered for the Transportation Portion of Segment A	\$18.0	This reflects the 2016 revenue requirement associated with the transportation portion (60%) of Segment A of the GTA Project that is to be recovered from ratepayers.
Forecasted Recovery		
2016 Rates - bundled customers	\$13.1	This reflects the amount associated with Segment A that was included in 2016 rates to be recovered from Enbridge's bundled customers.
2016 Rates – Forecast balance in the GTAITCRRDA	\$4.9	This reflects the amount that was forecast to be eventually recovered from Rate 332 customers once they began to take service on Segment A and represents the incremental capital cost associated with the upsizing of the pipeline. The assumption in the 2016 rates proceeding was that Rate 332 service would not begin in 2016.
Total Amount Recovered (Forecast Basis - 2016 Rates)	\$18.0	
Actual Recovery		
2016 recovery from bundled customers	\$13.1	This reflects the amount associated with Segment A that was included in 2016 rates to be recovered from Enbridge's bundled customers.
Actual balance in the GTAITCRRDA	\$4.3	This reflects the actual balance recorded in the GTAITCRRDA to be recovered from Rate 332 customers. As Rate 332 customers began taking service on November 16, 2016, the balance in the account is reduced by 12.5% (1.5 months of Rate 332 service).
Actual Rate 332 Revenues	\$2.3	This reflects that on actual basis Rate 332 customers did begin taking service on the pipeline in 2016 and generated \$2.3 million in revenues during 2016.
Total Recovery	\$19.7	Overall, Enbridge recovered \$19.7 million from both its bundled customers and Rate 332 customers (including the amount recorded in the GTAITCRRDA). This reflects an over-recovery of \$1.7 million. Therefore, Enbridge will refund \$1.7 million to its bundled customers through the disposition of the Rate 332 Deferral Account (to reflect their overpayment towards the costs of the transportation portion of Segment A) and will recover \$4.3 million from its Rate 332 customers through the disposition of the GTAITCRRDA (as opposed to the original forecasted amount of \$4.9 million).

Witnesses: A. Kacicnik
 R. Small

RESPONSE

a) Rate 332 Revenues = Contract Demand x Daily Contract Demand Charge x
 46 Days

$$= 1,200,000 \text{ GJ} \times \$0.0410/\text{GJ} \times 46$$

$$= \$2.3 \text{ million}$$

The OEB approved the contract demand charge from above in the Rate Order EB-2016-0028 (dated July 14, 2016), Schedule A, page 1.

b) In the Company's view the OEB Staff's understanding of the interaction between the above noted accounts and 2016 rates is correct, but is more accurately reflected in the amended table below.

Category	Amount (\$M)	Description
Total Amount to be Recovered for the Transportation Portion of Segment A	\$18.0	This reflects the 2016 revenue requirement associated with the transportation portion (60%) of Segment A of the GTA Project that is to be recovered from ratepayers.
Forecasted Recovery		
2016 Rates - bundled customers	\$13.1	This reflects the amount associated with the transportation portion of Segment A that was included in 2016 rates to be recovered from Enbridge's bundled customers.
2016 Rates – Forecast balance in the GTAITCRRDA	\$4.9	This reflects the amount that was forecast to be eventually recovered from Rate 332 customers once they began to take service on Segment A and represents the incremental capital cost associated with the upsizing of the pipeline. The assumption in the 2016 rates proceeding was that Rate 332 service would not begin in 2016.
Total Amount Recovered (Forecast Basis - 2016 Rates)	\$18.0	
Actual Recovery		
2016 recovery from bundled customers	\$13.1	This reflects the amount associated with the transportation portion of Segment A that was included in 2016 rates to be recovered from Enbridge's bundled customers.
Actual balance in the GTAITCRRDA	\$4.3	This reflects the actual balance recorded in the GTAITCRRDA to be recovered from Rate 332 customers. As Rate 332 customers began taking service on November 16, 2016, the balance in the account is reduced by 12.5% (1.5 months of Rate 332 service).

Witnesses: A. Kacicnik
 R. Small

Actual Rate 332 Revenues	\$2.3	This reflects that on an actual basis Rate 332 customers did begin taking service on the pipeline in 2016 and generated \$2.3 million in revenues during 2016.
Balance to be refunded to bundled customers through the R332DA	(\$1.7)	Overall, Enbridge recovered \$19.7 million from both its bundled customers and Rate 332 customers (including the amount recorded in the GTAITCRRDA). This reflects an over-recovery of \$1.7 million. Therefore, Enbridge will refund \$1.7 million to its bundled customers through the disposition of the Rate 332 Deferral Account (to reflect their overpayment towards the costs of the transportation portion of Segment A).
Total Recovery	\$18.0	Overall, Enbridge will recover its 2016 approved forecast revenue requirement associated with the transportation portion (60%) of Segment A of the GTA Project that is to be recovered from ratepayers.

Witnesses: A. Kacicnik
R. Small