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To provide an example or understanding of how bad debt expense is calculating resulting from increased bills due to cap and trade costs

RESPONSE

Enbridge's total revenue requirement has increased as a result of Ontario's Cap and Trade program (the "Program"), which began in 2017. Since Enbridge was in the middle of the Company's Custom Incentive Regulation model, Company revenues were not adjusted or updated to account for the launch of this Program. Generally, the Company notes that an increase in revenue requirement results in an increase in bad debt. In other words, bad debt is proportional to revenue requirement.

The following illustrative example has been provided. Assuming Enbridge's revenue requirement and bad debt forecasts have been set at $100M and $1M, respectively. If Enbridge's actual revenue requirement is $110M or 10% higher than forecast due to Cap and Trade, the Company expects that its bad debt expense would increase by a commensurate 10% or $0.1M.

It should be noted that Enbridge has only provided a forecast of Cap and Trade related bad debt in this proceeding. The Company will only seek to recover the incremental amount based on actual bad debt expense.

As detailed in Exhibit D, Tab 1, Schedule 1, pages 8 and 9, the above methodology will be used to determine the amount of bad debt associated with Cap and Trade.