

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference: Exhibit F1/Tab 1/Rate Order Working Papers Schedule 10 and Exhibit F1/Tab 2/Rate Order Working Papers Schedule 13

Question:

The Rate Order Working Papers shows the change in average use for Enbridge Gas Distribution and the NAC for Union Gas. The average use has increased by 2.3% for Rate 1 customers of Enbridge Gas Distribution and by 1.7% for Rate 6 customers. Similarly, the NAC for Rates 01, 10, M1 and M2 customers of Union Gas has increased in the range of 3.0% to 4.8%.

Please confirm if there has been a gradual increase in the average use/NAC over the past three years in the Enbridge Gas Distribution and Union Gas rate zones.

Response

Not confirmed.

EGD Rate Zone

The 2.3% increase for Rate 1 customers and the 1.7% increase for Rate 6 customers of the EGD rate zone represent the percentage change from the 2018 Board Approved Budget to 2019 Forecast. It doesn't represent a change in actual average use. The 2018 Board Approved Budget was developed in an earlier proceeding using the actuals to 2016 and the assumptions from the 2017 Spring Economic Outlook while the 2019 forecast has been developed using the actuals to 2017 and the assumptions from 2018 Spring Economic Outlook. As a result, the 2.3% and 1.7% increase in Rate 1 and 6 average uses, respectively, is not reflective of the actual average use trend.

The following table illustrates actual average use changes for each rate class over the past 3 years. These figures have all been normalized to 2019 Budget degree days for comparability.

Historical AU for EGD Rate Zones, Calculated Using 2019 Budget Degree Days (m³ per customer)

	2014	2015	2016	2017	2014-15	2015-16	2016-17	Average % Change
Rate 1	2,531	2,508	2,408	2,457	-0.9%	-4.0%	2.0%	-1.0%
Rate 6	29,299	29,661	28,340	29,102	1.2%	-4.5%	2.7%	-0.2%

Enbridge Gas does not believe that short term changes will represent the general trend in average use. However, Rate 1 average use per customer has declined at an average rate of 1.0% per year over the last 3 years while Rate 6 average use declined at an average rate of 0.2% in the same period. The Company's average use models rely on historical data and given the historical trend, in the absence of any other development that would reverse the trend, the expectation is that the declining trend for Rate 1 will continue.

Please refer to the response to Exhibit I.EP.5 for a graphical representation of the long-term average use trends.

Union Rate Zones

The percentage changes listed at Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 13 represent the actual NAC changes from 2016 to 2017, as well as an update from the 2018 Board-approved weather normal to the 2019 Board-approved weather normal for Union rate classes.

For comparability, the following table illustrates actual NAC changes for each rate class over the past 3 years, calculated using the 2019 weather normal.

Historical NAC for Union Rate Zones, Calculated Using 2019 Weather Normal (m³ per customer)

	2014	2015	2016	2017	2014-15	2015-16	2016-17	Average % Change
Rate M1	2,840	2,741	2,685	2,767	-3.5%	-2.0%	3.0%	-0.8%
Rate M2	171,998	166,287	160,692	167,039	-3.3%	-3.4%	3.9%	-0.9%
Rate 01	3,013	2,861	2,815	2,853	-5.0%	-1.6%	1.4%	-1.8%
Rate 10	176,921	165,118	161,075	164,301	-6.7%	-2.4%	2.0%	-2.4%

For all Union rate classes, actual NAC decreased from 2014 to 2015 and from 2015 to 2016, and then increased from 2016 to 2017. Enbridge Gas does not believe that short term changes will represent the general NAC trend, and we are still seeing a long-term declining trend for all Union rate classes.

Please see Exhibit I.EP.5 for a graphical representation of the long-term NAC trends.