

ENBRIDGE GAS INC.  
 Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: Ex. A, Tab 3, Sched. 1, p. 4, and Ex. B1, Tab 1, Sched. 1, p. 31

Question:

Please provide a table showing distribution bill impacts for a non-residential customer (such as a school) with 40,000 m<sup>3</sup> annual consumption in each of rates Union 01 and M1, and EGD 6. If an expansion of Table 11 would accomplish that that is acceptable. Please provide all supporting calculations, in Excel format.

**Response**

Please see Table 1. The supporting calculation has been attached and filed in excel format as Exhibit I.SEC.1, Attachment 1.

Table 1  
Delivery Bill Impacts for Rate 01, Rate M1 and Rate 6

Line No.	Particulars (\$)	Union South Rate M1 (a)	Union North Rate 01 (b)	EGD Rate 6 (c)
1	Annual Consumption	40,000 m <sup>3</sup>	40,000 m <sup>3</sup>	40,000 m <sup>3</sup>
2	Approved Delivery Bill (1)	2,222	3,570	2,717
3	2019 Rates - Proposed	2,250	3,635	2,744
4	Difference (line 3 - line 2)	28	65	28
5	Delivery Bill Impact (%) (line 4 / line 2)	1.3%	1.8%	1.0%

Notes:

(1) October 2018 QRAM (EB-2018-0253).

ENBRIDGE GAS INC.

Table 1

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Notes:

(1) October 2018 QRAM (EB-2018-0253).

ENBRIDGE GAS INC.

Union Rate Zone General Service Rate 01 and Rate M1 Delivery Bill Impacts

Line No.	Particulars	Billing Units	Oct-18 QRAM (1) (cents / m <sup>3</sup> )	Large Customer Billing Units (m <sup>3</sup> )	October QRAM (\$)	Proposed Rates (2) (cents / m <sup>3</sup> )	Large Customer Billing Units (m <sup>3</sup> )	2019 Rates Proposed (\$)
1	Rate 01 General Service Monthly Charge	bills	\$21.00	12	\$252	\$21.00	12	\$252
	Monthly Delivery Charge							
2	First 100 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	9.3755	1,200	113	10.0484	1,200	121
3	Next 200 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	9.1356	2,400	219	9.2549	2,400	222
4	Next 200 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	8.7563	2,400	210	8.8872	2,400	213
5	Next 500 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	8.4081	5,400	454	8.5496	5,400	462
6	Over 1,000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	8.1204	28,600	2,322	8.2708	28,600	2,365
7	Delivery Commodity charge			40,000	3,318		40,000	3,383
8	Total			40,000	3,570		40,000	3,635
	Rate M1 General Service							
9	Monthly Charge	bills	\$21.00	12	\$252	\$21.00	12	\$252
	Monthly Delivery Charge							
10	First 100 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	5.0777	1,200	61	5.9775	1,200	72
11	Next 150 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	4.8140	1,800	87	4.8283	1,800	87
12	All over 250 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	4.1326	37,000	1,529	4.1436	37,000	1,533
13	Delivery Commodity charge			40,000	1,677		40,000	1,692
14	Storage		0.7331	40,000	293.24	0.7653	40,000	306
15	Total			40,000	2,222		40,000	2,250

Notes:

- (1) October 2018 QRAM (EB-2018-0253).
- (2) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Appendix A.

ENBRIDGE GAS INC.  
EGD Rate Zone General Service Rate 6 Delivery Bill Impacts

Line No.	Billing Units	Commercial Customer			Commercial Customer			
		Oct-18 QRAM (1) (cents / m <sup>3</sup> )	Billing Units (m <sup>3</sup> )	October QRAM (\$)	Proposed Rates (2) (cents / m <sup>3</sup> )	Billing Units (m <sup>3</sup> )	2019 Rates Proposed (\$)	
1	Rate 6 General Service Monthly Charge	bills	\$70.00	12	\$840	\$70.00	12	\$840
2	Monthly Delivery Charge							
2	First 500 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	7.2824	6,000	\$437	7.3356	6,000	\$440
3	Next 1050 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	5.1670	12,600	\$651	5.2333	12,600	\$659
4	Next 4500 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	3.6857	21,400	\$789	3.7612	21,400	\$805
5	Next 7000 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	2.7340	-	\$0	2.8154	-	\$0
6	Next 15250 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	2.3111	-	\$0	2.3951	-	\$0
7	Over 28300 m <sup>3</sup>	10 <sup>3</sup> m <sup>3</sup>	2.2049	-	\$0	2.2895	-	\$0
8	Delivery Commodity charge			40,000	\$1,877		40,000	\$1,904
9	Total Delivery Charge			40,000	\$2,717		40,000	\$2,744

Notes:

- (1) EB-2018-0305, Exhibit F1, Tab1, Schedule 4, Page 2, Col C minus Col E.
- (2) EB-2018-0305, Exhibit F1, Tab1, Schedule 6, Page 1, Col D.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: A/3/1, p. 6

Question:

Please advise which school boards, if any, were included in the strategic account customers with which Union sales representatives met to gather feedback. Please provide the dates of those meetings.

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**Response**

No, school boards were not included with the strategic account grouping. School boards would be included in the “not-for-profit or community institution” category of business respondents.

Please see Exhibit D1, Tab 2, Schedule 1, page 212 for the Firmographic Profile of Business Respondents in Union’s Customer Engagement telephone survey.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/1/1, p. 2

Question:

- a. Confirm that the proposed increase in revenue for EGD Rate Zone is 1.987%.
- b. Confirm that the proposed increase in revenue for Union Rate Zones is 2.178%.
- c. Adjust those two percentages by changes in billing determinants and heat content, and any other appropriate adjustments, to obtain the weighted average rate increase for each of the EGD Rate Zone and the Union Rate Zones, and provide all supporting calculations, in Excel format.

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**Response**

- a) Not confirmed. The increase in revenue as the basis for rate making provided at Exhibit B1, Table 1, results in an increase of 1.987% for the EGD rate zone and 2.178% for the Union rate zone. However, the increase in revenue at Table 1 does not factor in revenue changes associated with changing billing determinants, therefore actual utility revenue will be different.
- b) Please see part a).
- c) For purposes of this response, Enbridge Gas has estimated an average volumetric 2018 and 2019 delivery rate for in-franchise customers in the EGD and Union rate zones, assuming the proposed revenues are recovered on a volumetric basis only. Note that the average rate does not represent proposed delivery rates for any particular rate class, as the estimated average unit rate does not reflect rate class specific characteristics.

The supporting calculation has been filed in excel format as Exhibit I.SEC.3, Attachment 1.

**ENBRIDGE GAS INC.**  
**Estimated 2019 Average Delivery Unit Rates for the EGD and Union Rate Zones**

Line No.	Particulars	EGD Rate Zone		Union Rate Zones			
		Revenue (1) (\$000's) (a)	Volumes (2) (m <sup>3</sup> ) (b)	Unit Rate (cents/m <sup>3</sup> ) (c) = (a/b x 100)	Revenue (3) (\$000's) (d)	Volumes (4) (m <sup>3</sup> ) (e)	Unit Rate (cents/m <sup>3</sup> ) (f) = (d/e x 100)
1	2018 Approved	1,212,414	11,487,411	10.5543	808,508	13,994,969	5.7771
2	2019 Proposed	1,236,509	11,668,048	10.5974	841,671	14,269,107	5.8986
3	Difference (line 2 - line 1)	24,095		0.0431	33,163		0.1214
4	Difference (%) (line 3 / line 1)	1.987%		0.408%	4.102%		2.102%

**Notes:**

- (1) EB-2018-0305, Exhibit B1, Tab 1, Schedule 1, Table 1.
- (2) Exhibit F1, Tab 1, Rate Order, Working Papers, Schedule 5. Estimated average unit rate based on proposed 2019 volumes used to set base delivery rates.
- (3) EB-2018-0305, Exhibit B1, Tab 1, Schedule 1, Table 1, proposed revenue change of \$27.448 million adjusted to remove (\$5.715 million) for ex-franchise, Union North storage and transportation and gas supply administration, as per Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 2.
- (4) Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 5.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/1/1, p. 13

Question:

Please confirm that the Applicant is not aware of any events or circumstances that would qualify for positive or negative Z factor adjustment to 2019 rates. Please provide a list of all events or circumstances that meet three of the four Z factor criteria described by the Board in EB-2017-0306/7, Decision with Reasons, p. 37, and explain why each does not meet the fourth criterion.

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**Response**

Confirmed. Enbridge Gas is not proposing a Z factor for 2019 rates. If the applicant determines that a Z factor adjustment is required, it will file an application to that effect as part of its rates application and conform to the Z factor criteria as established by the Board in the MAADs Decision.



ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/1/1, p. 19

Question:

With respect to the proposal to use the capital pass-through account to adjust for tax timing differences:

- a. Please provide the reference in the EB-2017-0306/7 Decision with Reasons in which the Board authorized a base rate adjustment or alteration of rate calculations to reflect tax timing differences.
- b. Please explain why the impact of tax timing differences is not just one of the puts and takes that the Applicant accepted in seeking a deferred rebasing.
- c. Please provide detailed continuity and CCA schedules for each of the six listed projects from at least 2014 to 2023 so that the details of the timing differences for each project can be identified.

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**Response**

- a) Please see Exhibit I.STAFF.8, part a).
- b) Please see Exhibit I.STAFF.8, part a).
- c) Please see Attachment 1.

Utility Tax Timing Differences and CCA Continuity  
 Parkway West  
 2014 to 2023

Line No.	Particulars (\$000's)	2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)	2019 (f)	2020 (g)	2021 (h)	2022 (i)	2023 (j)	Total (k)
1	Depreciation	577	3,071	5,185	5,415	5,467	5,508	5,532	5,532	5,532	5,532	47,351
2	CCA	(2,625)	(13,719)	(21,393)	(19,268)	(16,754)	(14,605)	(12,707)	(10,984)	(9,520)	(8,274)	(129,850)
3	IDC & Other	(4,028)	(1,891)	2	-	-	-	-	-	-	-	(5,917)
4	Net Timing Differences	(6,076)	(12,539)	(16,206)	(13,853)	(11,288)	(9,097)	(7,175)	(5,452)	(3,988)	(2,741)	(83,415)
5	Utility Tax Timing Difference	(1,610)	(3,323)	(4,295)	(3,671)	(2,991)	(2,411)	(1,901)	(1,446)	(1,057)	(726)	(23,430)
6	Grossed Up Utility Tax Timing Difference	(2,191)	(4,621)	(5,843)	(4,994)	(4,070)	(3,280)	(2,587)	(1,966)	(1,438)	(988)	(31,878)
<b>CCA Continuity</b>												
CCA Class 1 - Rate 6%												
7	Opening UCC	-	17,324	39,127	43,193	41,623	39,126	36,778	34,571	32,497	30,547	-
8	Additions	17,860	23,549	6,612	1,053	-	2,348	2,207	2,074	1,950	1,833	20,359
9	CCA	536	1,746	2,546	2,623	2,497	2,348	2,207	2,074	1,950	1,833	-
10	Closing UCC	17,324	39,127	43,193	41,623	39,126	36,778	34,571	32,497	30,547	28,715	-
CCA Class 7 - Rate 15%												
11	Opening UCC	-	3,714	84,179	77,723	67,387	58,242	50,897	43,263	36,773	31,257	-
12	Additions	4,015	87,592	6,671	1,429	1,042	1,504	1,849	6,489	5,516	4,689	75,684
13	CCA	301	7,126	13,127	11,766	10,186	8,849	7,635	6,489	5,516	4,689	-
14	Closing UCC	3,714	84,179	77,723	67,387	58,242	50,897	43,263	36,773	31,257	26,569	-
CCA Class 8 - Rate 20%												
15	Opening UCC	-	10,481	20,954	17,563	14,043	11,235	8,988	7,190	5,752	4,602	-
16	Additions	11,646	13,965	889	(8)	-	-	-	-	-	-	-
17	CCA	1,165	3,493	4,280	3,512	2,809	2,247	1,798	1,438	1,150	920	22,811
18	Closing UCC	10,481	20,954	17,563	14,043	11,235	8,988	7,190	5,752	4,602	3,681	-
CCA Class 49 - Rate 8%												
19	Opening UCC	-	14,969	17,527	17,035	15,776	14,514	13,353	12,285	11,302	10,398	-
20	Additions	15,593	3,912	948	108	-	-	-	-	-	-	-
21	CCA	624	1,354	1,440	1,367	1,262	1,161	1,068	983	904	832	10,985
22	Closing UCC	14,969	17,527	17,035	15,776	14,514	13,353	12,285	11,302	10,398	9,566	-
Non-Deductible												
23	Opening	-	28,105	28,129	28,153	28,171	28,171	28,171	28,171	28,171	28,171	-
24	Additions	28,105	24	24	18	-	-	-	-	-	-	-
25	Closing	28,105	28,129	28,153	28,171	28,171	28,171	28,171	28,171	28,171	28,171	-
Total CCA												
26	Opening UCC	-	74,594	189,917	183,668	167,000	151,288	138,187	125,480	114,495	104,975	-
27	Additions	77,219	129,042	15,144	2,600	1,042	1,504	1,849	6,489	5,516	4,689	129,850
28	CCA	2,625	13,719	21,393	19,268	16,754	14,605	12,707	10,984	9,520	8,274	-
29	Closing UCC	74,594	189,917	183,668	167,000	151,288	138,187	125,480	114,495	104,975	96,701	-

Utility Tax Timing Differences and CCA Continuity  
 Branford-Kirkwall/Parkway D  
 2014 to 2023

Line No.	Particulars (\$000's)	2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)	2019 (f)	2020 (g)	2021 (h)	2022 (i)	2023 (j)	Total (k)
1	Depreciation	-	2,364	4,857	4,990	4,995	4,995	4,995	4,995	4,995	4,995	42,184
2	CCA	-	(10,387)	(20,004)	(18,147)	(15,917)	(13,965)	(12,276)	(10,811)	(9,539)	(8,433)	(119,479)
3	IDC & Other	-	(2,150)	(2)	-	-	-	-	-	-	-	(2,152)
4	Net Timing Differences	-	(10,172)	(15,149)	(13,157)	(10,922)	(8,970)	(7,280)	(5,816)	(4,544)	(3,437)	(79,447)
5	Utility Tax Timing Difference	-	(2,696)	(4,015)	(3,487)	(2,894)	(2,377)	(1,929)	(1,541)	(1,204)	(911)	(21,053)
6	Grossed Up Utility Tax Timing Difference	-	(3,668)	(5,462)	(4,744)	(3,938)	(3,234)	(2,625)	(2,097)	(1,638)	(1,239)	(28,644)
<b>CCA Continuity</b>												
CCA Class ECE - Rate 7%												
7	Opening UCC	-	-	1,213	1,128	1,049	976	907	844	785	730	-
8	Additions	-	1,304	-	-	-	-	-	-	-	-	-
9	CCA	-	91	85	79	73	68	64	59	55	51	626
10	Closing UCC	-	1,213	1,128	1,049	976	907	844	785	730	679	-
CCA Class 1 - Rate 6%												
11	Opening UCC	-	2,986	2,931	2,766	2,600	2,444	2,297	2,159	2,030	1,908	-
12	Additions	-	3,078	128	11	-	-	-	-	-	-	-
13	CCA	-	92	183	176	166	156	147	138	130	122	1,309
14	Closing UCC	-	2,986	2,931	2,766	2,600	2,444	2,297	2,159	2,030	1,908	-
CCA Class 7 - Rate 15%												
15	Opening UCC	-	-	71,825	66,341	56,645	48,148	40,926	34,787	29,569	25,134	-
16	Additions	-	77,649	5,718	276	-	-	-	-	-	-	-
17	CCA	-	5,824	11,203	9,972	8,497	7,222	6,139	5,218	4,435	3,770	62,279
18	Closing UCC	-	71,825	66,341	56,645	48,148	40,926	34,787	29,569	25,134	21,364	-
CCA Class 8 - Rate 20%												
19	Opening UCC	-	-	4,573	4,562	3,671	2,937	2,350	1,880	1,504	1,203	-
20	Additions	-	5,081	1,004	24	-	-	-	-	-	-	-
21	CCA	-	508	1,015	915	734	587	470	376	301	241	5,147
22	Closing UCC	-	4,573	4,562	3,671	2,937	2,350	1,880	1,504	1,203	962	-
CCA Class 49 - Rate 8%												
23	Opening UCC	-	-	92,914	87,529	80,588	74,141	68,210	62,753	57,733	53,114	-
24	Additions	-	96,785	2,134	64	-	-	-	-	-	-	-
25	CCA	-	3,871	7,518	7,005	6,447	5,931	5,457	5,020	4,619	4,249	50,118
26	Closing UCC	-	92,914	87,529	80,588	74,141	68,210	62,753	57,733	53,114	48,865	-
Non-Deductible												
27	Opening	-	-	1,264	1,265	1,265	1,265	1,265	1,265	1,265	1,265	-
28	Additions	-	-	1	-	-	-	-	-	-	-	-
29	Closing	-	1,264	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265	-
Total CCA												
30	Opening UCC	-	174,774	163,755	145,984	130,066	116,101	103,825	93,014	83,475	75,042	-
31	Additions	-	185,161	8,985	375	-	-	-	-	-	-	-
32	CCA	-	10,387	20,004	18,147	15,917	13,965	12,276	10,811	9,539	8,433	119,479
33	Closing UCC	-	174,774	163,755	145,984	130,066	116,101	103,825	93,014	83,475	75,042	-

Utility Tax Timing Differences and CCA Continuity  
 2016 Dawn-Parkway Expansion  
 2014 to 2023

Line No.	Particulars (\$000's)	2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)	2019 (f)	2020 (g)	2021 (h)	2022 (i)	2023 (j)	Total (k)
1	Depreciation	-	176	4,066	8,030	8,235	8,261	8,261	8,261	8,261	8,261	61,811
2	CCA	-	(758)	(17,030)	(31,540)	(28,913)	(25,717)	(22,821)	(20,285)	(18,106)	(16,106)	(181,229)
3	IDC & Other	-	(1,284)	(4,042)	-	-	-	-	-	-	-	(5,326)
4	Net Timing Differences	-	(1,868)	(17,005)	(23,510)	(20,679)	(17,456)	(14,560)	(12,024)	(9,800)	(7,845)	(124,745)
5	Utility Tax Timing Difference	-	(494)	(4,506)	(6,230)	(5,480)	(4,626)	(3,858)	(3,186)	(2,597)	(2,079)	(33,057)
6	Grossed Up Utility Tax Timing Difference	-	(673)	(6,131)	(8,477)	(7,456)	(6,294)	(5,250)	(4,336)	(3,533)	(2,828)	(44,976)
<b>CCA Continuity</b>												
CCA Class ECE - Rate 7%												
7	Opening UCC	-	-	-	840	1,239	1,152	1,072	997	927	862	-
8	Additions	-	904	482	-	-	-	-	-	-	-	-
9	CCA	-	63	81	87	75	70	65	60	60	60	594
10	Closing UCC	-	840	1,239	1,152	1,072	997	927	862	802	802	-
CCA Class 1 - Rate 6%												
11	Opening UCC	-	591	19,576	18,445	17,338	16,298	15,320	14,401	13,537	12,725	7,538
12	Additions	609	19,609	45	-	-	-	-	-	-	-	-
13	CCA	18	624	1,176	1,107	1,040	978	919	864	812	758	-
14	Closing UCC	591	19,576	18,445	17,338	16,298	15,320	14,401	13,537	12,725	12,725	-
CCA Class 7 - Rate 15%												
15	Opening UCC	-	5,396	105,117	96,081	81,669	69,418	59,005	50,155	42,631	36,237	85,555
16	Additions	5,834	108,681	7,277	-	-	-	-	-	-	-	-
17	CCA	438	8,961	16,313	14,412	12,250	10,413	8,851	7,523	6,395	5,355	-
18	Closing UCC	5,396	105,117	96,081	81,669	69,418	59,005	50,155	42,631	36,237	36,237	-
CCA Class 8 - Rate 20%												
19	Opening UCC	-	-	135	116	93	74	59	48	38	30	129
20	Additions	-	150	9	-	-	-	-	-	-	-	-
21	CCA	-	15	28	23	19	15	12	10	8	8	-
22	Closing UCC	-	135	116	93	74	59	48	38	30	30	-
CCA Class 49 - Rate 8%												
23	Opening UCC	-	7,242	169,566	164,748	154,084	141,757	130,417	119,983	110,385	101,554	87,413
24	Additions	7,544	169,691	9,112	2,620	-	-	-	-	-	-	-
25	CCA	302	7,367	13,930	13,285	12,327	11,341	10,433	9,599	8,831	8,113	-
26	Closing UCC	7,242	169,566	164,748	154,084	141,757	130,417	119,983	110,385	101,554	101,554	-
Non-Deductible												
27	Opening UCC	-	-	-	9,771	9,985	9,985	9,985	9,985	9,985	9,985	9,985
28	Additions	-	9,771	214	-	-	-	-	-	-	-	-
29	Closing UCC	-	9,771	9,985	9,985	9,985	9,985	9,985	9,985	9,985	9,985	9,985
Total CCA												
30	Opening UCC	-	13,229	305,006	290,615	264,321	238,605	215,784	195,499	177,438	161,333	181,229
31	Additions	13,987	308,806	17,149	2,620	-	-	-	-	-	-	-
32	CCA	758	17,030	31,540	28,913	25,717	22,821	20,285	18,106	16,106	15,106	-
33	Closing UCC	13,229	305,006	290,615	264,321	238,605	215,784	195,499	177,438	161,333	161,333	-

Utility Tax Timing Differences and CCA Continuity  
 Burlington to Oakville  
 2014 to 2023

Line No.	Particulars (\$000's)	2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)	2019 (f)	2020 (g)	2021 (h)	2022 (i)	2023 (j)	Total (k)
1	Depreciation	-	-	821	1,668	1,717	1,732	1,732	1,732	1,732	1,732	12,864
2	CCA	-	-	(4,294)	(7,538)	(6,786)	(6,001)	(5,281)	(4,667)	(4,141)	(3,688)	(42,396)
3	IDC & Other	-	-	(795)	-	-	-	-	-	-	-	(795)
4	Net Timing Differences	-	-	(4,268)	(5,869)	(5,069)	(4,270)	(3,549)	(2,935)	(2,409)	(1,957)	(30,326)
5	Utility Tax Timing Difference	-	(1,131)	(1,555)	(1,555)	(1,343)	(1,132)	(941)	(778)	(638)	(518)	(8,036)
6	Grossed Up Utility Tax Timing Difference	-	(1,539)	(2,116)	(2,116)	(1,828)	(1,539)	(1,280)	(1,058)	(869)	(705)	(10,934)
<b>CCA Continuity</b>												
CCA Class ECE - Rate 7%												
7	Opening UCC	-	-	-	8,893	8,271	7,692	7,163	6,653	6,187	5,754	-
8	Additions	-	-	9,563	-	-	-	-	-	-	-	-
9	CCA	-	-	(669)	623	(579)	538	501	466	433	403	4,211
10	Closing UCC	-	-	8,893	8,271	7,692	7,153	6,653	6,187	5,754	5,351	-
CCA Class 1 - Rate 6%												
11	Opening UCC	-	-	-	199	173	163	153	144	135	127	-
12	Additions	-	-	205	(14)	-	-	-	-	-	-	-
13	CCA	-	-	6	12	10	10	9	9	8	8	71
14	Closing UCC	-	-	199	173	163	153	144	135	127	120	-
CCA Class 8 - Rate 20%												
15	Opening UCC	-	-	-	15,120	12,812	10,250	8,200	6,560	5,248	4,198	-
16	Additions	-	-	16,800	796	-	-	-	-	-	-	-
17	CCA	-	-	(1,680)	3,104	(2,562)	2,050	1,640	1,312	1,050	840	14,237
18	Closing UCC	-	-	15,120	12,812	10,250	8,200	6,560	5,248	4,198	3,359	-
CCA Class 49 - Rate 8%												
19	Opening UCC	-	-	-	46,527	44,673	42,540	39,137	36,006	33,126	30,476	-
20	Additions	-	-	48,466	1,946	1,501	-	-	-	-	-	-
21	CCA	-	-	(1,939)	3,800	(3,634)	3,403	3,131	2,880	2,650	2,438	23,875
22	Closing UCC	-	-	46,527	44,673	42,540	39,137	36,006	33,126	30,476	28,038	-
Non-Deductible												
23	Opening UCC	-	-	-	3,188	3,188	3,188	3,188	3,188	3,188	3,188	-
24	Additions	-	-	3,188	-	-	-	-	-	-	-	-
25	Closing	-	-	3,188	3,188	3,188	3,188	3,188	3,188	3,188	3,188	-
Total CCA												
26	Opening UCC	-	-	-	73,927	69,117	63,832	57,831	52,550	47,883	43,743	-
27	Additions	-	-	78,221	2,728	1,501	-	-	-	-	-	-
28	CCA	-	-	(4,294)	(7,538)	(6,786)	(6,001)	(5,281)	(4,667)	(4,141)	(3,688)	42,396
29	Closing UCC	-	-	73,927	69,117	63,832	57,831	52,550	47,883	43,743	40,054	-

Utility Tax Timing Differences and CCA Continuity  
2017 Dawn-Parkway Expansion  
2014 to 2023

Line No.	Particulars (\$000's)	2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)	2019 (f)	2020 (g)	2021 (h)	2022 (i)	2023 (j)	Total (k)
1	Depreciation	-	-	1,169	8,975	16,644	17,306	17,418	17,418	17,418	17,418	113,767
2	CCA	-	-	(5,403)	(42,293)	(71,210)	(64,244)	(55,578)	(47,664)	(40,911)	(35,148)	(362,451)
3	IDC & Other	-	-	(6,001)	(9,607)	(5,000)	-	-	-	-	-	(20,608)
4	Net Timing Differences	-	-	(10,235)	(42,925)	(69,566)	(46,938)	(38,160)	(30,245)	(23,493)	(17,729)	(268,292)
5	Utility Tax Timing Difference	-	-	(2,712)	(11,375)	(15,785)	(12,439)	(10,112)	(8,015)	(6,226)	(4,698)	(71,362)
6	Grossed Up Utility Tax Timing Difference	-	-	(3,690)	(15,476)	(21,476)	(16,923)	(13,758)	(10,905)	(8,470)	(6,392)	(97,092)
<b>CCA Continuity</b>												
CCA Class 1 - Rate 6%												
7	Opening UCC	-	-	-	496	67,417	63,372	59,570	55,996	52,636	49,478	-
8	Additions	-	-	511	69,022	-	-	-	-	-	-	-
9	CCA	-	-	15	2,100	4,045	3,902	3,574	3,360	3,158	2,969	23,024
10	Closing UCC	-	-	496	67,417	63,372	59,570	55,996	52,636	49,478	46,509	-
CCA Class 7 - Rate 15%												
11	Opening UCC	-	-	-	48,553	412,259	383,945	332,791	282,873	240,442	204,375	-
12	Additions	-	-	52,490	401,089	36,243	6,960	-	-	-	-	-
13	CCA	-	-	3,937	37,363	64,557	58,114	49,919	42,431	36,066	30,656	323,043
14	Closing UCC	-	-	48,553	412,259	383,945	332,791	282,873	240,442	204,375	173,719	-
CCA Class 8 - Rate 20%												
15	Opening UCC	-	-	-	2,795	2,958	2,367	1,893	1,515	1,212	969	-
16	Additions	-	-	3,105	803	-	-	-	-	-	-	-
17	CCA	-	-	311	639	592	473	379	303	242	194	3,132
18	Closing UCC	-	-	2,795	2,958	2,367	1,893	1,515	1,212	969	776	-
CCA Class 49 - Rate 8%												
19	Opening UCC	-	-	-	27,373	25,202	23,186	21,331	19,624	18,054	16,610	-
20	Additions	-	-	28,514	19	-	-	-	-	-	-	-
21	CCA	-	-	1,141	2,191	2,016	1,855	1,706	1,570	1,444	1,329	13,252
22	Closing UCC	-	-	27,373	25,202	23,186	21,331	19,624	18,054	16,610	15,281	-
Non-Deductible												
23	Opening UCC	-	-	-	-	3,420	8,420	8,420	8,420	8,420	8,420	8,420
24	Additions	-	-	-	3,420	5,000	-	-	-	-	-	-
25	Closing UCC	-	-	-	3,420	8,420	8,420	8,420	8,420	8,420	8,420	8,420
Total CCA												
26	Opening UCC	-	-	-	79,217	511,256	481,290	424,005	368,427	320,764	279,853	-
27	Additions	-	-	84,620	474,333	41,243	6,960	-	-	-	-	-
28	CCA	-	-	5,403	42,293	71,210	64,244	55,578	47,664	40,911	35,148	362,451
29	Closing UCC	-	-	79,217	511,256	481,290	424,005	368,427	320,764	279,853	244,705	-

Utility Tax Timing Differences and CCA Continuity  
Panhandle Reinforcement  
2014 to 2023

Line No.	Particulars (\$000's)	2014 (a)	2015 (b)	2016 (c)	2017 (d)	2018 (e)	2019 (f)	2020 (g)	2021 (h)	2022 (i)	2023 (j)	Total (k)
1	Depreciation	-	-	-	2,038	4,494	4,939	4,944	4,944	4,944	4,944	31,248
2	CCA	-	-	-	(9,589)	(19,681)	(19,208)	(17,064)	(15,180)	(13,560)	(12,151)	(106,433)
3	IDC & Other	-	-	-	(1,837)	-	-	-	-	-	-	(1,837)
4	Net Timing Differences	-	-	-	(9,388)	(15,197)	(14,269)	(12,109)	(10,236)	(8,615)	(7,207)	(77,022)
5	Utility Tax Timing Difference	-	-	-	(2,488)	(4,027)	(3,781)	(3,209)	(2,713)	(2,283)	(1,910)	(20,411)
6	Grossed Up Utility Tax Timing Difference	-	-	-	(3,385)	(5,479)	(5,145)	(4,366)	(3,691)	(3,106)	(2,598)	(27,770)
<b>CCA Continuity</b>												
CCA Class 1 - Rate 6%												
7	Opening UCC	-	-	-	-	12	9	7	6	5	4	4
8	Additions	13	-	-	-	-	-	-	-	-	-	-
9	CCA	-	-	-	2	2	1	1	1	1	1	10
10	Closing UCC	12	9	7	7	6	5	4	3	3	3	3
CCA Class 8 - Rate 20%												
11	Opening UCC	-	-	-	30,696	26,523	21,219	16,975	13,580	10,864	8,691	27,601
12	Additions	34,107	2,185	-	6,358	5,305	4,244	3,395	2,716	2,173	1,713	61,881
13	CCA	3,411	-	-	-	-	-	-	-	-	-	-
14	Closing UCC	30,696	26,523	21,219	16,975	13,580	10,864	8,691	7,169	5,691	4,978	142,799
CCA Class 14.1 - Rate 5%												
15	Opening UCC	-	-	-	2,845	2,702	2,567	2,439	2,317	2,201	2,091	2,091
16	Additions	2,994	-	-	-	-	-	-	-	-	-	-
17	CCA	150	142	135	128	122	116	110	104	98	93	903
18	Closing UCC	2,845	2,702	2,567	2,439	2,317	2,201	2,091	1,987	1,893	1,800	18,294
CCA Class 41 - Rate 25%												
19	Opening UCC	-	-	-	214	161	121	90	68	51	38	38
20	Additions	245	-	-	-	-	-	-	-	-	-	-
21	CCA	31	54	40	30	23	17	13	10	7	5	207
22	Closing UCC	214	161	121	90	68	51	38	29	21	16	1,047
CCA Class 49 - Rate 8%												
23	Opening UCC	-	-	-	142,799	170,261	157,120	144,550	132,986	122,347	112,559	77,195
24	Additions	148,749	40,506	500	5,950	13,044	13,641	12,570	11,564	10,639	9,788	77,195
25	CCA	5,950	13,044	13,641	12,570	11,564	10,639	9,788	9,047	8,316	7,686	77,195
26	Closing UCC	142,799	170,261	157,120	144,550	132,986	122,347	112,559	103,269	94,971	87,773	771,950
CCA Class 51 - Rate 6%												
27	Opening UCC	-	-	-	1,517	1,426	1,340	1,260	1,184	1,113	1,047	1,047
28	Additions	1,564	-	-	-	-	-	-	-	-	-	-
29	CCA	47	91	86	80	76	71	67	63	59	55	517
30	Closing UCC	1,517	1,426	1,340	1,260	1,184	1,113	1,047	986	937	892	8,484
Non-Deductible												
31	Opening UCC	-	-	-	144	144	144	144	144	144	144	144
32	Additions	144	-	-	-	-	-	-	-	-	-	-
33	Closing UCC	144	144	144	144	144	144	144	144	144	144	1,440
34	Closing UCC	144	144	144	144	144	144	144	144	144	144	1,440
Total CCA												
35	Opening UCC	-	-	-	178,228	201,227	182,519	165,465	150,285	136,725	124,574	106,433
36	Additions	187,817	42,680	500	9,589	19,681	19,208	17,064	15,180	13,560	12,151	106,433
37	CCA	9,589	19,681	19,208	17,064	15,180	13,560	12,151	10,639	9,788	9,047	77,195
38	Closing UCC	178,228	201,227	182,519	165,465	150,285	136,725	124,574	112,559	103,269	94,971	771,950

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/1/1, p. 28

Question:

Please provide a detailed calculation showing the amounts that would be recovered from customers in each of 2019 – 2023 for the capital pass-through projects a) using the proposed one-time adjustment approach, and b) continuing to treat the projects as Y factor adjustments.

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**Response**

Please see Attachment 1 for the capital pass-through project revenue requirement impact<sup>1</sup> using the proposed one-time adjustment in rates with continuing to pass-through utility tax timing differences only, and continuing to pass-through the actual revenue requirement of the projects.

The total revenue requirement difference of \$33.8 million over the deferred rebasing period is required to support the level of capital investment prior to ICM funding as calculated by the ICM threshold value. As directed by the Board, Enbridge Gas has included the rate base and depreciation associated with the capital pass-through projects in calculating the ICM threshold value, resulting in a higher ICM threshold value. Without the proposed one-time adjustment, there would be an imbalance between the level of capital investment that can be supported by rates and the ICM threshold value calculation. Over the deferred rebasing period, the cumulative difference of the imbalance is approximately \$410.0 million<sup>2</sup> of additional capital investment required prior to an ICM funding request. Please see Exhibit I.STAFF.8 a) for a description of the need for Enbridge Gas's proposed one-time adjustment and why continuing to pass-through the actual revenue requirement of the projects is not consistent with ICM threshold value calculation directive from the MAADs Decision.

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<sup>1</sup> The capital pass-through revenue requirement is based on the forecast revenue requirement of each project included in the application.

<sup>2</sup> Exhibit I.STAFF.8, Attachment 1.



**UNION RATE ZONES**  
 Summary of 2019-2023 Capital Pass-Through Revenue Requirement Recovered from Customers  
 As Proposed vs. Pass-through of Annual Revenue Requirement

Line No.	Particulars (\$000's)	As Proposed				Pass-through of Annual Revenue Requirement				Difference Total (m) = (f) - (i) = sum (g:k)				
		2019 Forecast (a)	2020 Forecast (b)	2021 Forecast (c)	2022 Forecast (d)	2023 Forecast (e)	2019 Forecast (g)	2020 Forecast (h)	2021 Forecast (i)		2022 Forecast (j)	2023 Forecast (k)		
1	Rate Base Investment	8,964	-	-	-	-	8,964	-	-	-	-	-	-	-
2	Capital Expenditures	1,596,906	1,596,906	1,596,906	1,596,906	1,596,906	1,596,906	1,515,453	1,472,576	1,429,698	-	-	-	-
	Revenue Requirement Calculation:													
3	Operating Expenses:													
4	Operating and Maintenance Expenses	4,604	4,604	4,604	4,604	4,604	4,604	4,863	4,960	5,060	24,256	24,256	24,256	(1,235)
5	Depreciation Expense (1)	42,741	42,741	42,741	42,741	42,741	42,741	42,883	42,883	42,883	214,271	214,271	214,271	(567)
6	Property Taxes	5,675	5,675	5,675	5,675	5,675	5,675	5,819	5,894	5,970	29,104	29,104	29,104	(727)
	Total Operating Expenses (line 3 + line 4 + line 5)	53,021	53,021	53,021	53,021	53,021	53,021	53,397	53,736	53,913	267,631	267,631	267,631	(2,529)
7	Required Return:													
8	Interest Expense	35,120	35,120	35,120	35,120	35,120	35,120	33,327	32,384	31,441	166,541	166,541	166,541	9,057
9	Equity Return	51,337	51,337	51,337	51,337	51,337	51,337	48,719	47,340	45,962	243,456	243,456	243,456	13,231
	Total Required Return (line 7 + line 8) (2)	86,457	86,457	86,457	86,457	86,457	86,457	82,046	79,724	77,403	409,996	409,996	409,996	22,288
10	Income Taxes:													
11	Income Taxes - Equity Return (3)	18,516	18,516	18,516	18,516	18,516	18,516	17,571	17,074	16,577	87,807	87,807	87,807	4,772
12	Income Taxes - Utility Timing Differences (4)	(36,415)	(29,865)	(24,051)	(19,054)	(14,762)	(9,415)	(29,865)	(24,051)	(19,054)	(124,138)	(124,138)	(124,138)	-
	Total Income Taxes (line 10 + line 11)	(17,899)	(11,350)	(5,536)	(539)	(3,764)	(17,899)	(11,797)	(6,480)	(1,980)	1,825	1,825	1,825	4,772
13	Total Revenue Requirement (line 6 + line 9 + line 12)	121,578	128,128	133,942	138,939	143,241	121,578	129,130	131,480	133,140	641,296	641,296	641,296	24,532
14	Incremental Project Revenue (5)	4,340	4,340	4,340	4,340	4,340	4,340	6,243	7,069	7,895	30,962	30,962	30,962	(9,260)
15	Net Revenue Requirement (line 13 - line 14)	117,238	123,787	129,601	134,598	138,901	117,238	122,887	124,411	125,245	610,334	610,334	610,334	33,791

**Notes:**

- (1) Depreciation expense at 2013 Board-approved depreciation rates.
- (2) The required return assumes a capital structure of 36% common equity at the 2013 Board-approved return of 8.95% and 64% long-term debt. The assumed long-term debt for rates for 2019 are 3.82% for Parkway West and Parkway Growth projects, 3.36% for 2016 Dawn-Parkway Expansion and Burlington to Oakville projects, and 3.29% for 2017 Dawn-Parkway Expansion and Panhandle Reinforcement projects.
- (3) Taxes related to the equity component of the return at a tax rate of 26.5%.
- (4) Taxes related to the utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
- (5) Incremental project revenue reflected as an increase to Rate M12 and Rate C1 billing units used to set rates during the 2014-2018 IRM term except for the incremental revenue of the Panhandle Reinforcement Project. Incremental project revenue of the Panhandle Reinforcement Project treated as a reduction to the capital pass-through adjustment amount and includes incremental transmission and distribution margin.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/1/1, p. 33

Question:

Please provide a side by side table showing the class allocation of DSM costs based on 2019 DSM Budget, vs. based on 2017 Actual DSM program costs.

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**Response**

Please see Attachment 1, the 2017 actual DSM costs are still subject to audit, and Board approval.

ENBRIDGE GAS INC.  
UNION RATE ZONES  
Allocation of 2019 DSM Budget and 2017 DSM Actual Costs by Rate Class

Line No.	Particulars (\$000s)	2019 Budget DSM Costs (1) (a)	2017 Actual DSM Costs (b)
	<u>Union North</u>		
1	Rate 01	6,345	5,771
2	Rate 10	3,002	1,979
3	Rate 20	1,672	1,431
4	Rate 100	1,111	807
5	Total Union North	<u>12,129</u>	<u>9,988</u>
	<u>Union South</u>		
6	Rate M1	27,164	34,077
7	Rate M2	10,602	7,338
8	Rate M4 (2)	3,150	5,279
9	Rate M5 (2)	1,977	1,318
10	Rate M7	2,130	1,143
11	Rate T1	1,505	2,356
12	Rate T2	4,612	3,004
13	Total Union South	<u>51,140</u>	<u>54,515</u>
14	Total Union (line 5 + line 13)	<u>63,269</u>	<u>64,503</u>

Notes:

- (1) Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 10, p. 1, column (b) with the exception of Rate M4 and Rate M5.
- (2) The proposed 2019 allocation to Rate M4 and Rate M5 after the pooling adjustment is \$4.674 million and \$0.453 million, respectively.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/1/1, App. H, p. 8

Question:

Please file a copy of the AFE manual.

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**Response**

The Company declines to provide the AFE Manual given that it has no impact on 2019 Rates.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 4

Question:

Please explain why it would be appropriate for the Board to fund ICM for any of the deferred rebasing years when:

- a. The forecast 2019-2023 average annual capital spending in the EGD Rate zone is \$509.4 million, which is less than the \$616.9 million annual average capital spending in the 2014-2018 period, in which EGD over-earned in every year.
- b. The forecast 2019-2023 average annual capital spending in the Union Rate zone is \$523.3 million, which is less than the \$696.5 million annual average capital spending in the 2014-2018 period, in which Union over-earned in almost every year.

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**Response**

The ICM funding mechanism was made available to Enbridge Gas in the MAADs and Rate-Setting Mechanism Decision and Order.<sup>1</sup> Enbridge Gas's evidence with respect to Need is provided at Exhibit B1, Tab 2, Schedule 1, page 20. Within the Need section is a description of the Means Test, which legacy EGD and Union pass by not exceeding 300 basis points above the deemed return on equity in their most recent Earnings Sharing and Deferral and Variance Account Clearance applications.<sup>2</sup>

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<sup>1</sup> EB-2017-0306/EB-2017-0307 Decision and Order, August 30, 2018, pages 32 to 34.

<sup>2</sup> Exhibit B1, Tab 2, Schedule 1, Appendix C.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 16

Question:

Please explain how there can be 2019 spend in 2014-2018 capital pass-through projects, which by definition should be completed and in-service no later than the end of 2018.

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**Response**

There are often carry-over costs that occur after a project goes into service. Examples of these costs include activities such as construction clean up, restoration, baseline integrity inspections, painting, installation of anodes and other.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 18

Question:

Please confirm that the Sudbury Replacement project does not qualify under the Board-approved ICM for the Applicant. If the Applicant believes it does qualify, please provide a detailed explanation. If the Applicant believes it does not qualify, please explain the precise relief the Applicant is seeking from the Board, e.g. a) inclusion of the project in 2019 opening rate base, and a concomitant base year adjustment, b) deeming of the project to have come into service in 2019 and thus qualify for ICM treatment, c) retroactively deeming the ICM mechanism and the capital pass-through mechanism to both apply during 2018 year, d) exempting the Sudbury Replacement project from the \$5 million impact requirement of the capital pass-through mechanism, or e) any other relief the Applicant believes is appropriate. SEC is seeking in this question to more clearly understand the exact exception that the Applicant is seeking from the Board from the normal rules and principles that would be applied to rate recovery for this project, in order to understand the implications of that exception both for the Applicant and for other utilities seeking exceptions to the rules.

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**Response**

Please see Exhibit I.STAFF.24.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 22

Question:

Please provide a side by side table showing, for each of the proposed ICM projects:

- a. The budget for the project provided to the Board in the first filing for the project (e.g. EB-2018-0108 for the Don River Replacement, etc.).
- b. The budget for the project in this Application, for which ICM approval is being sought.
- c. An explanation for any material budget variations.

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**Response**

Please see the response at Exhibit I.EP.16.



ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 29, 31

Question:

Please confirm that, excluding the Sudbury project, the 2019 revenue requirement impact of the ICM projects proposed would be \$3.23 million credit to customers, and the 2019-2023 revenue requirement impact of the ICM projects proposed would be \$52.395 million recovery from customers.

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**Response**

Confirmed.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 31

Question:

Please confirm that the Applicant is seeking to accelerate \$4.9 million of 2020 capital expenditures into 2019 for the purpose of determining rates. Please explain why that is appropriate.

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**Response**

Enbridge Gas has not included the 2020 capital forecast associated with the 2019 ICM projects of \$4.9 million in the 2019 revenue requirement of the projects for the purpose of determining 2019 rates. The \$4.9 million represents the 2020 in-service capital of the ICM projects, and is reflected in the revenue requirement of each project beginning in 2020. The detailed incremental revenue requirement of the ICM projects is filed at Exhibit B1, Tab 2, Schedule 1, Appendix E.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, p. 32

Question:

Please confirm that the Applicant is seeking to defer \$3.2 million of 2019 credits to customers to 2020 for the purpose of determining rates. Please explain why that is appropriate.

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**Response**

Please see Exhibit I. BOMA.7.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, App. D

Question:

SEC is seeking to better understand the Union earnings-sharing calculation for 2017. In EB-2017-0306/7 (Ex. C.SEC.19 on March 23, 2018), Union reported 2017 operating revenue of \$2,118,989 (all figures \$000s), and that is the same amount showing in the current Application. The total operating expenses, however, was reported in the previous case as \$1,769,137, and is now reported as \$1,772,606, a decrease in earnings of about \$3.5 million. The expected tax provision was reported in the previous case as \$1.8 million credit, but is now reported as a \$5.0 million credit, an increase in earnings of about \$3.2 million. Please provide details of these changes from the previous reported figures to the current reported figures for 2017.

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**Response**

The primary cause for the variances in the quoted amounts results from the comparison of dissimilar values. Within Union's preliminary<sup>1</sup> 2017 actual utility results, presented as part of the response to SEC interrogatory #19 Attachment 1 (Exhibit C.SEC.19, Attachment 1) within the EB-2017-0306/7 proceeding, \$1,769,137 thousand reflected a Cost of Service value, inclusive of total Operating Expenses of \$1,772,786 thousand, Other Expenses of \$1,441 thousand, and Income Taxes on earnings of (\$5,090) thousand, as can be seen in Attachment 2 to that interrogatory response. By comparison, the \$1,772,606 shown in Exhibit B1, Tab 2, Schedule 1, Appendix D of this proceeding, which reflects Union's final 2017 utility results as were filed at Exhibit A, Tab 2, Appendix B, Schedule 1 of the EB-2018-0105 proceeding, only reflects total Operating Expenses.

Table 1 below provides a comparison of the preliminary cost of service amounts reported in Exhibit C.SEC.19 (Attachments 1 and 2) of the EB-2017-0306/7 proceeding, as compared to final actual 2017 amounts presented at Exhibit B1, Tab 2, Schedule 1, Appendix D of this proceeding (as were filed at Exhibit A, Tab 2, Appendix B, Schedule 1 of the EB-2018-0105 proceeding).

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<sup>1</sup> EB-2018-0306/0307, Exhibit C.SEC.19, Attachment 2, Note (5).

Table 1  
Calculation of Cost of Service for 2017

Line No.	Particulars (\$ 000's)	EB-2017-0306/7 C.SEC.19	Actual	Difference
1	Total Operating Expenses	1,772,786	1,772,606	180
2	Income Taxes	(5,090)	(5,047)	(43)
3	Total Other	1,441	1,441	(0)
4	Cost of Service (line 1 + line 2 + line 3)	\$ 1,769,137	\$ 1,769,001	\$ 136

The small change between the preliminary and final Cost of Service is primarily attributable to the removal of \$0.180 million in legal fees related to the amalgamation from utility operating expenses, and its corresponding impact on income taxes on earnings.

With respect to the referenced tax amounts, the cause of the variance is again due to the comparison of dissimilar values. Within Union's preliminary 2017 actual utility results, presented as part of the response to SEC interrogatory #19 Attachment 1 (Exhibit C.SEC.19 Attachment 1) within the EB-2017-0306/7 proceeding, (\$1,800) thousand reflected the provision of income taxes required to gross-up the net sufficiency amount, whereas the (\$5,047) shown in Exhibit B1, Tab 2, Schedule 1, Appendix D of this proceeding, which reflects Union's final 2017 utility results as were filed at Exhibit A, Tab 2, Appendix B, Schedule 1 of the EB-2018-0105 proceeding, reflects the provision for income taxes on earnings (for which comparable values are shown in Table 1 above).

Table 2 below provides a comparison of the preliminary 2017 calculation of the provision for income taxes required to gross-up the net sufficiency amount as reported in Exhibit C.SEC.19 (Attachment 1) of the EB-2017-0306/7 proceeding, as compared to the calculation of the final actual 2017 amount which was presented at Exhibit A, Tab 2, Appendix A of the EB-2018-0105 proceeding.

For reference, Exhibit A, Tab 2, Appendix A from the EB-2018-0105 proceeding provides a calculation of Union's final actual 2017 revenue sufficiency, which is in a similar format to the preliminary actual results which were presented in the response to SEC interrogatory #19 Attachment 1 (Exhibit C.SEC.19 Attachment 1), within the EB-2017-0306/7 proceeding.

Table 2  
Calculation of Provision for Income Taxes on Deficiency/(Sufficiency) for 2017

Line No.	Particulars (\$ 000's)	EB-2017-0306/7 C.SEC.19	Actual	Difference
1	Revenue Deficiency/(Sufficiency) after tax	(4,993)	(5,112)	(119)
2	Tax Prorated (1-.265)	0.735	0.735	0.735
	Distribution Revenue			
3	Deficiency/(Sufficiency) (line 1/line 2)	(6,793)	(6,955)	(162)
	Provision for Income Taxes on			
4	Deficiency/(Sufficiency) (line 3 - line 1)	\$ (1,800)	\$ (1,843)	\$ (43)

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: B1/2/1, App. E, p. 2

Question:

Please confirm that the \$2.6 million of grossed-up tax savings in 2018 are, under the Applicant's proposal, remaining to the benefit of the shareholder. Please confirm that the extra taxes payable in the future of \$2.6 million because of that accelerated depreciation will be paid by the customers in rates.

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**Response**

Enbridge Gas confirms that no revenue requirement impacts (i.e., return on rate base, operating expenses, or income tax benefit/requirement), related to the Sudbury Replacement project, were included in Union's 2018 rates for recovery from customers. As seen in the referenced exhibit, the forecast total 2018 revenue requirement was a cost \$0.1 million.

With respect to the 2019 to 2023 revenue requirement for the Sudbury Replacement Project (including the tax requirement which will reflect the impact of any reversal of tax timing differences), Enbridge Gas confirms that its ICM proposal, to build the forecast annual revenue requirement into the annual ICM rate rider, combined with the establishment of an ICM deferral account to capture the variance between the actual ICM project revenue requirement and the actual ICM revenues collected, would result in customers paying the actual cost of the approved ICM project, subject to disposition of the deferral account.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: F/1/1/5, p. 4

Question:

Please compare the Rate 6 usage forecast of 4,911,864 103m<sup>3</sup> in 2019 to the Applicant's most current forecast of actual usage in 2019 from Rate 6 customers.

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**Response**

The current 2019 volume forecast for Rate 6 is 4,923,606 10<sup>3</sup>m<sup>3</sup>.



ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: F1/1/7, p. 2-3

Question:

In EB-2017-0086, the EGD Draft Rate Order shows an allocation of \$86.9 million of DSM costs to rate classes (Ex. G2/6/4). Please reconcile that with the allocation of \$67.6 million to rate classes in the current reference, at page 2. Please provide a reference for the same allocation as that found on page 3 of the current reference, but in the EB-2017-0086 case, deriving the DSM unit rate for 2018 rates.

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**Response**

In the Board's Decision and Order for the approval of 2015-2020 demand side management plans (EB-2015-0029/EB-2015-0049, Decision and Order, page 1), the 2018 EGD approved DSM budget is \$67.6 million.

In the EB-2017-0086 draft rate order (Exhibit G2, Tab 6, Schedule 4, page 1), the fully allocated DSM costs of \$86.9 million was comprised of DSM program and general cost of \$67.6 million (i.e., the Board-approved DSM budget), and allocated overheads (benefit costs) of \$5.17 million and administrative and general (A&G) of \$14.17 million for a total of \$86.9 million. Note that the EGD rate zone was subject to Custom Incentive Regulation framework for the 2014 to 2018 period where the Board approved the cost elements for the derivation of the allowed revenue for each year of the Custom IR period and the Company used the fully allocated cost study to allocate the allowed revenue to the customer classes for rate setting purposes.

The allocation of \$67.6 million at page 2 (Exhibit F1, Tab 1, Schedule 7) represents the allocation of DSM program and general costs from EB-2017-0086, Draft Rate Order, Exhibit G2, Tab 6, Schedule 4, page 1. For example, for Rate 6 customers the amount is the sum of the first two line items of the referenced exhibit (i.e. \$18.1 million + \$3.75 million = \$21.85 million).

Note that the Board approved Y factor treatment for DSM budget costs in the MAADs

and Rate-Setting Mechanism proceeding.<sup>1</sup>

Consistent with the Y factor treatment, the Board-approved 2018 DSM budget of \$67.6 million was removed from rates and updated with the Board-approved 2019 DSM budget of \$66.4 million, which was approved in EB-2015-0029/EB-2015-0049.

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<sup>1</sup> EB-2017-0306/ EB-2017-0307, Decision and Order, August 30, 2018.

ENBRIDGE GAS INC.  
Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: F1/2/10, p. 3-4

Question:

Please confirm that the DSM allocation to Rate 01 declined from \$9.124 million in 2018 [EB-2017-0087, Working Papers, Schedule 3] to the current \$6.345 million, and the allocation to Rate M1 increased from \$24,375 million in 2018 [same reference] to the current \$27.164 million. Please explain those changes in allocation. Please provide a reference (in EB-2017-0087 or elsewhere) that shows the derivation of the 2018 unit rates for DSM, with similar granularity to the current reference.

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**Response**

Confirmed.

The change in Rate 01 and Rate M1 DSM costs is driven by Enbridge Gas's proposal to allocate the 2019 DSM budget costs based on the 2017 actual DSM program costs. Enbridge Gas has updated the allocation in the current application to reflect a forecast of the 2019 DSM budget consistent with the use of 2019 forecast billing units to derive the DSM unit rates.

This proposal also reduces the variance between rate classes that would otherwise be recorded in the DSM Variance Account ("DSMVA")<sup>1</sup> (Account No. 179-111) and disposed of as part of the annual DSM Deferral and Variance Account proceedings. The change in the DSM costs for Rate 01 and Rate M1 is consistent with the amounts disposed of in Union's 2015 and 2016 DSM Deferral proceeding (EB-2017-0323 and EB-2018-0300, respectively). Please see Table 1 for a summary of the DSM budget costs for Rate 01 and Rate M1.

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<sup>1</sup> The DSMVA records the difference between the allocated DSM budget costs included in rates and the actual DSM program costs for each rate class.

Table 1  
 UNION RATE ZONES

Comparison of 2019 DSM Budget Allocation Change and DSM Variance Account Balances

Line No.	Particulars (\$000's)	Proposed 2019 DSM Budget in Rates (1)	Approved 2018 DSM Budget in Rates (2)	Change (c) = (a - b)	DSM Variance Account (179-111)	
					2016 Approved Balance (3)	2015 Approved Balance (4)
		(a)	(b)	(c) = (a - b)	(d)	(e)
1	Rate 01	6,345	9,124	(2,780)	(3,223)	(1,102)
2	Rate M1	27,164	24,375	2,788	2,595	2,511

Notes:

- (1) Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 10, p. 1, column (b).
- (2) EB-2017-0087, Rate Order, Working Papers, Schedule 11, column (b).
- (3) EB-2018-0300, Exhibit A, Tab 4, Appendix A, Schedule 1.
- (4) EB-2017-0323, Rate Order, Working Papers, Schedule 1.

Please see Attachment 1 for the derivation of the Rate 01 and Rate M1 2018 DSM unit rates.

ENBRIDGE GAS INC.  
UNION RATE ZONES  
Derivation of 2018 Demand Side Management ("DSM") Rates

Line No.	Particulars	2018 Approved Forecast Usage (1) (10 <sup>3</sup> m <sup>3</sup> ) (a)	2018 DSM Budget (2) (\$000s) (b)	2018 DSM Rate (cents / m <sup>3</sup> ) (c) = (b / a)
<u>Union North</u>				
<u>Rate 01 Small Volume General Service</u>				
Monthly Delivery Charge				
1	First 100 m <sup>3</sup>	261,357	2,818	1.0781
2	Next 200 m <sup>3</sup>	296,764	3,118	1.0505
3	Next 200 m <sup>3</sup>	129,460	1,304	1.0069
4	Next 500 m <sup>3</sup>	88,423	855	0.9670
5	Over 1,000 m <sup>3</sup>	110,336	1,030	0.9339
6	Total Rate 01	886,340	9,124	1.0294
<u>Union South</u>				
<u>Rate M1 - Small Volume General Service</u>				
Monthly Delivery Commodity Charge				
7	First 100 m <sup>3</sup>	845,823	8,101	0.9578
8	Next 150 m <sup>3</sup>	751,066	6,822	0.9082
9	All over 250 m <sup>3</sup>	1,211,407	9,453	0.7803
10	Total - Rate M1	2,808,296	24,375	0.8680

Notes:

- (1) EB-2018-0087, Rate Order, Working Papers, Schedule 4, column (r).  
(2) EB-2018-0087, Rate Order, Working Papers, Schedule 4, column (k).

ENBRIDGE GAS INC.  
 Answer to Interrogatory from  
School Energy Coalition (SEC)

Reference: F1/2/10, p. 3-4

Question:

Please provide a breakdown of the DSM budget allocated to Rate 01 and Rate M1 between residential and non-residential spending. For non-program DSM costs allocated to those classes, please identify them separately and divide them in the same proportion as the program costs. Please calculate, based on the proposed DSM unit rates, the amounts of the allocated costs in each of those classes that are expected to be collected in 2019 from residential vs. non-residential customers.

**Response**

Please see Table 1 for a breakdown of the 2019 Rate 01 and Rate M1 DSM budget. Attachment 1 provides the forecast amount of 2019 DSM budget to be recovered from residential and non-residential customers.

Table 1  
Summary of 2019 DSM Budget Allocation

Line No.	Particulars (\$000's)	Rate 01 (a)	Rate M1 (b)
1	Residential Program Costs	1,395	12,873
2	Residential Non-Program Costs	183	1,962
3	Non-Residential Program Costs	1,455	3,988
4	Non-Residential Non-Program Costs	70	278
5	Low-Income Costs (1)	3,241	8,063
6	Total 2019 DSM Budget Allocation (2)	6,345	27,164

Notes:

- (1) Allocation of low-income costs to Rate 01 and Rate M1.
- (2) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 10, column (b), line 1 and line 6.

ENBRIDGE GAS INC.  
Union Rate Zones  
Forecast Recovery of 2019 DSM Budget - Residential and Non-Residential Customers

Line No.	Particulars	Proposed 2019 DSM Rate (cents/m <sup>3</sup> ) (1)	Residential		Non-Residential		Total Forecast DSM Budget Recovery (\$000's) (2)
			2019 Forecast Usage (10 <sup>3</sup> m <sup>3</sup> ) (b)	Forecast DSM Budget Recovery (\$000's) (c) = (a x b)	2019 Forecast Usage (10 <sup>3</sup> m <sup>3</sup> ) (d)	Forecast DSM Budget Recovery (\$000's) (e) = (a x d)	
<u>Union North</u>							
<u>Rate 01 - Small Volume General Service</u>							
Monthly Delivery Charge							
1	First 100 m <sup>3</sup>	0.6795	284,146	1,931	23,807	162	2,092
2	Next 200 m <sup>3</sup>	0.6621	299,243	1,981	36,335	241	2,222
3	Next 200 m <sup>3</sup>	0.6346	100,612	638	27,955	177	816
4	Next 500 m <sup>3</sup>	0.6093	37,710	230	48,077	293	523
5	Over 1,000 m <sup>3</sup>	0.5885	6,722	40	110,831	652	692
6	Total - Rate 01		728,432	4,820	247,006	1,525	6,345
<u>Union South</u>							
<u>Rate M1 - Small Volume General Service</u>							
Monthly Delivery Commodity Charge							
7	First 100 m <sup>3</sup>	0.9753	931,790	9,088	69,711	680	9,767
8	Next 150 m <sup>3</sup>	0.9246	779,871	7,211	80,703	746	7,957
9	All over 250 m <sup>3</sup>	0.7937	597,651	4,744	591,576	4,695	9,439
10	Total - Rate M1		2,309,312	21,042	741,990	6,121	27,164

Notes:

- (1) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 10, column (d).
- (2) EB-2018-0305, Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 10, column (c).