

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.

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.¹

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.

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