

ENBRIDGE GAS INC.
Answer to Interrogatory from
Building Owners and Managers Association of Greater Toronto (BOMA)

Reference: Exhibit A, Tab 3, Schedule 1, p3

Question:

- (a) Please explain fully why there will be no 2019 rate impacts for potential rate riders associated with the Don River, Kingsville, and Stratford ICM Projects, and that will be dealt with the 2020 rates submission, not the 2019 rates submission (EB-2018-0305).
- (b) Why do the Union North zone proposed 2019 rate increases for the direct purchase customers include the ICM impacts, while the sales service customers' proposed 2019 rate increases exclude the ICM impacts?

Response

- a) As described at Exhibit B1, Tab 2, Schedule 1, page. 32, the Don River Replacement, Kingsville and Stratford Reinforcement projects have a negative revenue requirement¹ in 2019, which is the in-service year of the projects. Enbridge Gas proposes to net the negative revenue requirement in the in-service year with the revenue requirement in the second year and defer the ICM impact until the second year of the project. This proposal reduces rate volatility and the impact on customers while also ensuring the negative revenue requirement of the first year accrues to the benefit of customers.

Enbridge Gas is seeking approval of the proposed ICM projects in the current application. If approved, Enbridge Gas proposes to calculate the 2020-2023 ICM unit rates for the 2019 approved ICM projects as part of each respective annual rate proceedings based on the annual revenue requirements approved in this application and the updated forecast billing units.

- b) The bill impacts for both direct purchase and sales services customers, as provided at Exhibit A, Tab 3, Schedule 1, page 3, are inclusive of ICM projects.

¹ The negative revenue requirement results from utility tax timing differences as the capital cost allowance deductions in arriving at taxable income exceeds to provision of book depreciation in the year.