ENBRIDGE GAS INC.
Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Reference: Exhibit B1, Tab 2, Schedule 1, Pages 12 and 13

Preamble: *"To determine the 2017 revenue from general service rate classes, Enbridge Gas used the actual customer count and held the normalized average consumption/average use ("NAC/AU") per customer constant with the NAC/AU in base rates. If the NAC/AU is not held constant, then any change in NAC/AU would have to be offset by a proportionally similar rate adjustment to keep the revenue per customer constant. Both the EGD and Union rate zones have deferral accounts that record the revenue impact associated with the difference between the forecast normalized average use per customer embedded in rates and the actual normalized average use experienced during the year."*

Question:

a) Please confirm that the approved methodology for average use adjustments to rates includes 3-year averaging.

b) Please explain why average use per customer should be held constant for ICM growth, rather than using a rolling 3-year average.

c) Please provide a revised calculation of the growth factor using an average 3-year rolling average of average use. Compare to Table 5 using the constant/holding average use approach.

Response

a) No, the approved methodology for average use adjustments does not include 3 year averaging for either the EGD or Union Rate Zones. The average use adjustment to rates reflects:

- For the EGD rate zone: Rate 1 and Rate 6 customers, the change from the latest Board-approved average use (2018 Budget) to the 2019 average use forecast was used. The 2019 forecast was determined using the Board approved methodology.

- For the Union rate zones: Rate M1, Rate M2, Rate 01 and Rate 10, the change from the latest Board approved NAC (2018 Target) to the 2019 Target NAC was used. The 2019 target NAC is based on the latest available actual use (from two years ago) that is normalized to the 2019 weather normal. This methodology was approved during the EB-2013-0202 (Union's 2014 to 2018 IRM Settlement Agreement) and as subsequently modified in EB-2014-0271 (Union's 2015 Rates proceeding).

b) The value of the growth factor ("g") is the % difference in distribution revenues between the most current year and the base year. The revenues are calculated maintaining the base rate constant.

   Deferral and Variance Accounts are already in place for NAC and AU for the EGD rate zone and Union rate zones and they respectively to true-up any variances from forecast or target. Enbridge Gas is not proposing that those true-up mechanisms change. Therefore, the growth calculation is net of any AU and NAC changes and the difference in revenue year over year would represent the growth in customers only.

c) As noted in part (b) above, the growth factor is calculated net of average use. Any changes in NAC or AU would be trued up through the deferral and variance accounts and would not impact the growth factor.