ENBRIDGE GAS INC.
Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Reference: Exhibit B1 / Tab 1 / Schedule 1/ Appendix A/ page 24

Preamble: EGI evidence states: *The purpose of the LRAM is to record the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.*

Question:

We would like to understand better the margin calculation associated with LRAM.

Using the Rate 6 class of customers, please describe from EGD's most recent approved DSM dispersal how margin is calculated ensuring that description is provided on:

a) once the savings are verified, how the lost revenues are tied to costs.
b) detail on how the costs are calculated for both fixed and variable costs of the company.

Response

As noted in the evidence, the purpose of the LRAM is to record the amount of distribution margin gained or lost when the volumes savings associated with the Company's DSM programs are less or more successful than the volumes savings budgeted in the fiscal year. Please note however, that Rates 1 and 6 are not included in the LRAM as these rate classes are covered under the Average Use True-up Variance Account ("AUTVA").

a- b) The distribution margin gained or lost is derived by applying the distribution margin rates to gained or lost volumes, this derives the revenue amount recorded in the LRAM account. The LRAM does not recognize or take into consideration the costs associated with the DSM programs.

The Company has provided comprehensive/detailed explanations of the derivation and application of the volumetric margin unit rates used to calculate both the LRAM and AUTVA amounts in previous proceedings including the 2016 deferral and variance account proceeding (EB-2017-0102, Exhibit I.C. EGDI.FRPO.12, pages 1 to 3) and in the 2017 deferral and variance account proceeding (EB-2018-0131, Exhibit I.C.EGDI.FRPO.9, pages 1 and 2).