ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, Table 4

Question:

a) Please explain why Enbridge is requesting only one deferral account for the incremental capital module related to the Union Gas zones, rather than one deferral account for each of the Union Gas South zone and the Union Gas North zone.

b) Please explain why separate accounts are needed for the EGD zone and the Union Gas zone if separate accounts are not needed for the Union Gas South and North zones.

Response

a) Enbridge Gas has requested a single ICM deferral account for each of the EGD and Union rate zones in conjunction with the MAADs Decision, which specified that the ICM threshold and incremental capital amounts would be calculated individually for both legacy Union Gas and EGD.[1] As a result, separate ICM deferral accounts for each of the EGD and Union rate zones will be utilized to track the variance between actual ICM rate rider revenues billed in each of the EGD and Union rate zones, versus the actual revenue requirement of ICM projects approved for each of the EGD and Union rate zones. To the extent that costs for ICM projects approved for the Union rate zones are to be recovered differently (i.e. based on usage of the asset) between the Union South and Union North, it will be addressed through the development of ICM rate riders for each respective zone, and through the disposition of amounts captured in the ICM deferral account for the Union rate zones.

b) Please see the response at part a) above.

[1] EB-2017-0306/EB-2017-0307 OEB Decision and Order, August 30, 2018, pages 32 to 34.

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, Tables 6 and 7

Question:

a) Please update Table 6 to reflect actual data for 2018.

b) If applicable, please update Table 7 to reflect any changes resulting from the update of 2018 from forecast to actual.

Response

a) Please refer to the table below. The 2018 amounts shown below are draft. The actual amounts will be filed later this year as part of Enbridge Gas's 2018 Earning Sharing Mechanism and Deferral and Variance Account proceeding.

Table 6

Union's Capital Pass-through Projects
Actual Utility Tax Timing Differences
Union's 2014-2018 IRM
Updated for Exhibit I.LPMA.2 a)

Line No.	Particulars ($000's)	2014	2015	2016	2017	Draft 2018	Total
		(a)	(b)	(c)	(d)	(e)	(f)
1	Parkway West	(2,191)	(4,521)	(5,843)	(4,994)	(4,066)	(21,615)
2	Brantford-Kirkwall/Parkway D	-	(3,668)	(5,462)	(4,744)	(3,938)	(17,811)
3	2016 Dawn-Parkway Expansion	-	(673)	(6,131)	(8,477)	(7,411)	(22,691)
4	Burlington to Oakville	-	-	(1,539)	(2,116)	(1,847)	(5,502)
5	2017 Dawn-Parkway Expansion	-	-	(3,690)	(15,476)	(19,681)	(38,847)
6	Panhandle Reinforcement	-	-	-	(3,385)	(5,498)	(8,883)
7	Total	(2,191)	(8,861)	(22,665)	(39,192)	(42,442)	(115,350)

b) Please refer to the table below.

Table 7

Union's Capital Pass-through Projects
Forecast of Utility Tax Timing Differences
2019-2023 Deferred Rebasing Period
Updated for Exhibit I.LPMA.2 a)

Line No.	Particulars ($000's)	2019	2020	2021	2022	2023	Total
		(a)	(b)	(c)	(d)	(e)	(f)
1	Parkway West	(3,281)	(2,587)	(1,966)	(1,438)	(988)	(10,259)
2	Brantford-Kirkwall/Parkway D	(3,234)	(2,625)	(2,097)	(1,638)	(1,239)	(10,833)
3	2016 Dawn-Parkway Expansion	(6,233)	(5,203)	(4,301)	(3,510)	(2,813)	(22,060)
4	Burlington to Oakville	(1,574)	(1,303)	(1,073)	(877)	(709)	(5,537)
5	2017 Dawn-Parkway Expansion	(16,784)	(13,828)	(10,968)	(8,528)	(6,444)	(56,553)
6	Panhandle Reinforcement	(5,234)	(4,481)	(3,767)	(3,152)	(2,622)	(19,255)
7	Total	(36,339)	(30,027)	(24,172)	(19,143)	(14,816)	(124,497)
8	2019 Utility Tax Timing Difference	(36,415)	(36,415)	(36,415)	(36,415)	(36,415)	(182,075)
9	Variance (line 7 - line 8)	76	6,388	12,243	17,272	21,599	57,578

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, pages 28-29

Question:

a) Please confirm that the 30,393 GJ/day of surplus capacity noted on page 28 has been sold long-term as of November 1, 2018. If the full amount of the surplus capacity has not been sold, please provide details on the amount sold and the amount currently still available.

b) Please provide the revenue requirement associated with the 30,393 GJ/day that has been built into 2019 rates along with the forecasted revenue associated with this surplus capacity that has been built into 2019 rates.

c) For each of 2020 through 2023, please provide the forecasted revenue requirement associated with the 30,393 GJ/day of surplus capacity, along with the forecasted revenue generated by this surplus capacity.

Response

a) Confirmed, please see Exhibit I.STAFF.11, part (a).

b) There is no specific revenue requirement for the 30,393 GJ/d of incremental Dawn-Parkway demands. Enbridge Gas has built the 2017 Dawn-Parkway Project revenue requirement of $40.916 million into 2019 Rates, of which $46.306 million has been allocated to Rate M12[1]. Please see Exhibit I.STAFF.11, part f).

c) Enbridge Gas does not have a forecast of the project revenue requirement associated with the 30,393 GJ/d. By adjusting the billing units used to derive the Rate M12 demand charges by the incremental demands, the revenue adjustment in rates will be based on the approved Rate M12 Dawn-Parkway demand charge for each year from 2020 to 2023.

[1] The allocation of the capital pass-through projects is provided at Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 16, page 3.

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, Table 11

Question:

a) Please provide a table similar to Table 11 that shows the delivery bill impacts for rates 10 and M2 using appropriate volumes.

b) Please confirm that the proposed rate design increases the percent change for small volume users while decreasing the percent change for larger volume users in of the general service rate classes (M1, 01, M2 & 10). If this cannot be confirmed, please explain the different impacts by rate class.

Response

a) Please see Table 1 for the delivery bill impacts for Rate M2 and Rate 10 of the current and proposed cost adjustments.

Table 1

Delivery Bill Impacts for Rate M2 and Rate 10

Monthly Customer Charge Adjustment

Line No.	Particulars ($)	Union South Rate M2		Union North Rate 10	
		(a)	(b)	(c)	(d)
1	Annual Consumption	60,000 m^3	250,000 m^3	60,000 m^3	250,000 m^3
2	Approved Delivery Bill (1)	4,196	14,266	4,868	16,059
3	2019 Rates - Current Approved Rate Design	4,123	13,876	5,086	16,879
4	Difference (line 3 - line 2)	(73)	(390)	218	820
5	Delivery Bill Impact (%) (line 4/line 2)	-1.7%	-2.7%	4.5%	5.1%
6	2019 Rates - Proposed Rate Design (2)	4,100	13,877	5,065	16,883
7	Difference (line 6 - line 2)	(96)	(389)	198	824
8	Delivery Bill Impact (%) (line 7/line 2)	-2.3%	-2.7%	4.1%	5.1%

Notes:

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

(2) Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 4, column (c).

b) Confirmed for Rate M1 and Rate 01.

Not confirmed for Rate M2 and Rate 10. The current approved cost adjustment for Rate M2 and Rate 10 recovers the customer-related cost variance in proportion to the current approved delivery commodity revenue of the first two delivery blocks only. Enbridge Gas proposes to harmonize the monthly customer charge adjustment for all Union rate zone general service classes as proposed. The proposed rate design for Rate M2 and Rate 10 decreases the unit rate of the first two delivery blocks and increases the unit rate of the remaining delivery blocks of each rate class. The delivery bill impact of the proposal for small volume and large volume users in Rate M2 and Rate 10 is less than 1%, as shown in Table 1.

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, page 33

Question:

Please provide a reference for where the "2019 approved volumes" noted at lines 20-21 can be found.

Response

The volumes used to pool the Rate M4 and Rate M5 DSM costs are based on Enbridge Gas's 2019 forecast, which are the same volumes used to derive the DSM unit rate. The volumes are provided at Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 10, page 3, column (b), Line 15 and Line 19 respectively. The evidence should have correctly described the volumes as "2019 forecast volumes".

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit F1, Tab 2, Rate Order Working Papers, Schedule 4

Question:

Please provide the volumes used in calculating the bill impacts for each of the following rate classes in the Union South zone:

a) Small M2 customer;
b) Large M2 customer;
c) Small M4 customer; and
d) Large M4 customer.

Response

Please see Table 1 for the annual volumes used to calculate bill impacts for Rate M2 and Rate M4. Contract demands are also used to calculate bill impacts for Rate M4 and are also provided in Table 1.

Table 1

Parameters for Bill Impacts Calculation

Line No.	Particulars	Annual Volumes (m^3) (a)	Contract Demand (m^3/d) (b)
1	Rate M2 – Small	60,000	N/A
2	Rate M2 – Large	250,000	N/A
3	Rate M4 – Small	875,000	4,800
4	Rate M4 – Large	12,000,000	50,000

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, pages 26-29

Question:

a) Please expand Table 10 to reflect the revenue requirement for each of the projects shown for each of 2020 through 2023.

b) Please confirm that the EB-2017-0306/EB-2017-0307 Decision and Order referenced in footnote 19 directed Enbridge Gas Inc. to include the rate base and depreciation of the noted projects in the calculation of the eligible incremental capital amount of the Union service territory.

c) Please confirm that the above noted Decision and Order did not direct Enbridge Gas Inc. to adjust rates to reflect the net difference between the 2018 and 2019 revenue requirements associated with capital pass-through projects in the Union service territory. If this cannot be confirmed, please provide a reference to where this direction occurred.

d) Does Enbridge Gas Inc. propose to adjust rates in each of 2020 through 2023 to reflect the net difference between the test year and the previous year revenue requirements associated with the capital pass-through projects in the Union service territory in the same way as it is proposing for 2019 and 2018? If not, why not?

Response

a) Please refer to the Table on the following page.

Table 1
Summary of 2019-2023 Forecast Revenue Requirement of Capital Pass-Through Projects

Line No.	Particulars ($000's)	2019 Forecast(1)	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast
		(a)	(b)	(c)	(d)	(e)
1	Parkway West	19,227	19,673	19,971	20,178	20,307
2	Brantford-Kirkwall/Parkway D	14,874	15,142	15,329	15,447	15,506
3	2016 Dawn-Parkway Expansion	25,059	25,609	26,024	26,328	26,537
4	Burlington to Oakville	5,447	5,596	5,707	5,787	5,840
5	2017 Dawn-Parkway Expansion	40,916	43,394	45,153	46,495	47,480
6	Panhandle Reinforcement (2)	11,715	11,139	10,702	10,177	9,576
7	Total (3)	117,238	120,552	122,887	124,411	125,245

Notes:
(1) Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 16, pp.4-5.
(2) Panhandle Reinforcement project revenue requirement net of incremental project revenue.
(3) Exhibit I.SEC.6, Attachment 1, line 15.

b) Confirmed.

c) Confirmed. Enbridge Gas is proposing to update rates to reflect the 2019 forecast revenue requirement associated with Union's capital pass-through projects as part of this application. By updating the revenue requirement in 2019 rates, Enbridge Gas will reduce the variance between the actual revenue requirement and the revenue requirement included in rates that would otherwise be recorded in the capital pass-through deferral accounts in 2019. Without this proposal, the revenue requirement included in rates would continue to be based on the 2018 forecast approved in the leave to construct application for each project.[1] The update also supports Enbridge Gas's proposal to fix the capital pass-through revenue requirement in rates and discontinue recording differences in the deferral account with the exception of utility tax timing differences. Please see Exhibit I.STAFF.8, part (a).

[1] EB-2017-0087, Exhibit A, Rate Order, Appendix G, pages 1 to 7.

d) No. Enbridge Gas is proposing to fix the capital pass-through revenue requirement in 2019 rates and discontinue recording differences in the deferral account with the exception of utility tax timing differences. Please see Exhibit I.STAFF.8, part (a).

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, pages 31-33

Question:

a) Given that Enbridge Gas is required to track actual costs and amounts recovered through rates related to the PDO during the deferred rebasing period for review at the time of rebasing, please explain why Enbridge Gas is proposing to adjust the PDO related costs for 2019.

b) The evidence states that the allocation of the PD) costs for 2019 has been updated for the 2019 forecast and that the allocation of in-franchise compressor fuel costs are also based on 2019 forecast volumes. Please explain how the forecast of 2019 volumes has been determined for each rate class.

Response

a) Enbridge Gas is proposing to adjust the PDO related costs to comply with the Settlement Framework for the Reduction of Parkway Delivery Obligation ("PDO Settlement Framework")[1] and to manage variances in the Parkway Obligation Rate Variance Deferral Account (No. 179-138) ("PORVDA").

The PDO Settlement Framework provides for updates to the annual PDO costs to reflect the current Rate M12 Dawn to Parkway demand charge and fuel costs based on the October 1 QRAM each year.

The PDO Settlement Framework also provides for updates to the PDCI credit rate and the PDCI costs to reflect the current Rate M12 Dawn to Parkway demand change and fuel costs at 100% load factor. The PDCI credit rate is payable to direct purchase and sales service customers with continued obligated deliveries at Parkway. The PDCI costs included in 2019 Rates is set to equal and offset the forecast of the PDCI rate payable to customers.

[1] Union's 2014 Rates Decision and Order (EB-2013-0365), June 16, 2014.

The objective of the PDO Settlement Framework is to keep Enbridge Gas (previously Union) whole and by updating for changes in PDO and PDCI costs in proposed 2019 rates, Enbridge Gas remains consistent with that objective.

Enbridge Gas has also updated the PDO and PDCI costs in 2019 rates to reduce the variances that would otherwise be recorded in the PORVDA. The PORVDA is designed to record variances associated with the timing differences between the effective date of the Parkway delivery obligation changes and the inclusion of the cost impacts in approved rates (January 1 of the following year). As part of the MAADs Decision, the OEB approved the continuation of the PORVDA.

The requirement to track actual costs and amounts recovered in rates is in addition to the PDO Settlement Framework. The MAADs Decision requires Enbridge Gas to track actual costs and amounts recovered through rates related to the PDO during the deferred rebasing period to ensure ratepayers are not paying twice for the required capacity. The annual update in rates for the PDO related costs reflects changes to the Dawn-Parkway capacity already recovered in rates.

b) The 2019 forecast used to allocate 2019 compressor fuel volumes was developed using methodologies consistent with those used by legacy Union in its last rebasing proceeding (EB-2011-0210).

The 2019 volume forecast by rate class was derived based on customer type. The 2019 general service volume forecast was determined through multiple regression analyses which consider drivers such as the total number of customers, average consumption, approved weather methodologies and conservation programs.
The 2019 contract rate volume forecast was determined through review of customer's historical consumption, consultation with customers and knowledge of customer specific plans.

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 1, Schedule 1, pages 34-39

Question:

Are any of the changes proposed on these pages necessary rate schedule changes? If yes, please explain fully the need and the impact if the changes are not made until rebasing.

Response

Yes, the rate schedule changes are necessary. While the proposed changes to the rate schedules are administrative, they enable Enbridge Gas to maintain accurate rate schedules and general terms and conditions ("GT&C") based on current service offerings and business requirements.

Specifically, the proposed change to the system expansion surcharge is required for accuracy. While the service is not expiring prior to rebasing, the rate schedule requires an update to correct the contract expiry date for the community expansion project areas of Delaware Nation of Moraviantown First Nation and Prince Township.

Enbridge Gas has also proposed to remove a number of services that are no longer in use, including the Union South Rate U2, Union South supplemental services, and the Union South multiple delivery points service option. By requesting elimination of these services, the rate schedules will reflect Enbridge Gas's current service offerings and will eliminate the need for Enbridge Gas to maintain internal processes and system updates for services and rate classes that are no longer relevant. Union Gas made similar changes to services during its previous IRM term, such as the elimination of the Union North general service unbundled storage Rate S1 rate schedule, which was removed as part of the 2017 Rates application (EB-2016-0245).

Similarly, Enbridge Gas also proposed administrative changes to provide consistency and accuracy for the Rate C1 pricing of the Dawn yard interruptible transportation, which is currently provided on Enbridge Gas's Hub Pricing Schedule 2, and the Rate M13 GT&C.

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 2, Schedule 1

Question:

a) Please updates Tables 1 and 2 to reflect actual data for 2018.

b) Does Table 2 include in-service capital additions related to the capital pass-though projects listed in Table 10 of Exhibit B1, Tab 1, Schedule 1?

c) If yes, please provide a breakout of the in-service capital additions associated with these projects in Table 2.

d) If no, please provide the in-service capital additions related to the capital pass-through projects listed in Table 10 of Exhibit B1, Tab 1, Schedule for the period beginning 2014 and ending in the last year in which there was new in-service capital additions associated with the projects.

Response

a) 2018 actuals for the EGD rate zone are reflected in in Table 1 - column (e) below. 2018 actuals for the Union rate zones are reflected in in Table 2 - column (e).

Table 1

Capital Expenditures by category (2014-2023) – EGD Rate Zone ($ Millions)

Line No.	Category	(a) **2014 Actual**	(b) **2015 Actual**	(c) **2016 Actual**	(d) **2017 Actual**	(e) **2018 Actual**
1	General Plant	69.0	91.9	82.6	48.1	47.3
2	System Access[5]	112.8	105.2	118.3	109.3	108.9
3	System Renewal	96.5	102.7	109.1	102.2	92.3
4	System Service	190.5	569.6	127.1	20.2	22.9
5	Total Overhead	141.3	145.9	156.4	148.1	140.2
6	**Total - EGD Rate Zone**	**610.1**	**1,015.3**	**593.5**	**427.8**	**411.6**

[1] System Access capital presented here does not reflect Community Expansion.

Table 2

Capital Expenditures by category (2014-2023) – Union Rate Zones ($ Millions)

Line No.	Category	(a) **2014 Actual**	(b) **2015 Actual**	(c) **2016 Actual**	(d) **2017 Actual**	(e) **2018 Actual**
1	General Plant	56.5	51.4	44.8	42.8	48
2	System Access[1]	83.9	107.8	105.6	96.2	73.2
3	System Renewal	83.8	73	76.3	87.6	114.9
4	System Service	190.4	391.5	734.3	412.2	196.9
4A	Parkway West[2]	99.3	68.2	16.4	1.4	1.1
4B	Brantford-Kirkwall/Parkway D [2]	39.8	138.1	7.8	1.6	0.0
4C	2016 Dawn-Parkway Expansion[2]	14.2	91.5	222.5	17.2	2.3
4D	Burlington to Oakville[2]	1.2	3.5	74.0	2.7	1.5
4E	2017 Dawn-Parkway Expansion[2]	0.1	51.5	363.0	159.7	39.5
4F	Panhandle Reinforcement[2]	0.0	0.0	7.1	182.4	36.6
5	Total Overhead	68.2	71.5	77.2	78.6	80.1
6	**Total - Union Rate Zones**	**482.9**	**695.2**	**1,038.20**	**717.5**	**513.1**

[1] System Access capital presented here does not reflect Community Expansion.
[2] Breakdown of capital pass-through items included in System Service total (line 4).

b) Yes, Table 2 includes the in-service capital additions related to capital pass-through.

c) Please see the response to part a) for the updates to Table 2 including the breakdown of capital pass-through projects listed in Table 10 of Exhibit B1, Tab 1, Schedule 1.

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 2, Schedule 1

Question:

Please provide a Union column in Table 3 that reflects a price cap index of 1.07% in place of the 0.72% used.

Response

Please see Table 3 below expanded to include an additional column that reflects the price cap index of 1.07% for Union for the entire period since 2013.

Table 3

ICM Threshold Capital Expenditure Calculation by Rate Zone

Line No.	Particulars ($ millions)	EGD	Union	Union at 1.07% PCI
		(a)	(b)	
1	Year	2019	2019	2019
2	Base Year	2018	2013	2013
3	Number of Years since rebasing (n)	1	6	6
4	Price Cap Index (PCI) (%)	1.07%	0.72%	1.07%
5	Growth Factor (g) (%)	1.04%	1.19%	1.19%
6	Dead Band (%)	10%	10%	10%
7	Rate Base (RB)	6,246	5,331	5,331
8	Depreciation (d)	305	239	239
9	Threshold Value (%)	153%	157%	167%
10	Threshold Value	468.5	375.2	398.5

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 2, Schedule 1

Question:

Please provide a breakdown of the Union figures shown in Table 4 for each of 2014 through 2019 into the components of the price cap index, being the inflation rate used and the implied productivity factor offset.

Response

Union's annualized PCI- simple average since 2013 is provided in the table below:

Price Cap Index for Union Rate Zone

n	Yr	Inflation: GDP IPI FDD (1)	Productivity /Stretch (2)	PCI (3) = (1) +(2)	Annualized PCI - simple average since 2013
0	2013				
1	2014	1.27%	-0.76%	0.51%	0.51%
2	2015	1.66%	-1.00%	0.66%	0.59%
3	2016	1.77%	-1.06%	0.71%	0.63%
4	2017	1.74%	-1.05%	0.70%	0.64%
5	2018	1.65%	-0.99%	0.66%	0.65%
6	2019	1.37%	-0.30%	1.07%	0.72%

ENBRIDGE GAS INC.
Answer to Interrogatory from
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 2, Schedule 1, page 15 & Exhibit F1, Tab 2, Rate Order Working Papers, Schedule 16

Question:

a) Please provide the specific reference from the EB-2017-0306/EB-2017-0307 Decision and Order that directed Enbridge Gas to calculate the ICM threshold using the 2013 Board-approved rate base and depreciation plus the 2019 forecast amount of rate base and depreciation associated with the projects that were eligible for capital pass-through treatment and included in Union's base rates during Union's 2014-2018 IRM term.

b) The 2019 rate base and depreciation figures used in the ICM calculation, as shown in Exhibit F1, Tab 1, Schedule 16, pages 4-5 in the Rate Order Working Papers uses approved 2018 figures and 2019 forecasts. Please update this schedule using actual 2018 figures and any resulting changes to the 2019 forecast. Please also provide a revised Table 6 and 7 from Exhibit B1, Tab 2, Schedule 1 that reflects these updated figures.

Response

a) The MAADs Decision directed Enbridge Gas to add the rate base and depreciation associated with projects that were found eligible for capital pass-through treatment during Union's 2014-2018 IRM term to the 2013 rate base and depreciation for purposes of determining the eligible incremental capital amount for Union Gas' service territory. The MAADs Decision did not direct the amount of capital pass-through rate base and depreciation to include.

   Enbridge Gas updated 2019 rates to reflect the 2019 forecast revenue requirement of the capital pass-through projects and included the 2019 forecast rate base and depreciation of the capital pass-through in the ICM threshold calculation. Since the purpose of the ICM materiality threshold is to determine the amount of capital spend that can be supported through current rates, the 2019 rate base and depreciation are used, and is consistent with the proposal to adjust 2019 rates for the 2019 revenue requirement. Please see Exhibit I.STAFF.8, part a).

b) Please see Attachment 1 which provides Exhibit F1, Tab 2, Rate Order, Working Papers, Schedule 16, pages 4 and 5 updated to reflect draft 2018 actual costs and the most recent 2019 forecast revenue requirement for each capital pass-through project.

   The resulting changes to Table 6 and Table 7 from Exhibit B1, Tab 2, Schedule 1 are provided below.

Table 6
ICM Threshold Rate Base and Depreciation Expense by Rate Zone
Updated for Exhibit I.LPMA.13 b)

Line No.	Particulars ($ millions)	Rate Base	Depreciation
		(a)	(b)
	EGD		
1	2013 Board-Approved	6,246	305
	Union		
2	2013 Board-Approved	3,734	196
3	2019 Capital Pass-Through Amounts	1,588	43
4	Total	5,322	239

Table 7
Maximum Eligible Incremental Capital by Rate Zone
Updated for Exhibit I.LPMA.13 b)

Line No.	Particulars ($ millions)	EGD	Union
		(a)	(b)
1	2019 In-Service Capital Forecast	481.7	518.5
2	Less: Materiality Threshold Value	468.5	374.9
3	Maximum Eligible Incremental Capital	13.1	143.6

UNION RATE ZONES

Summary of 2018 Draft Actuals and 2019 Updated Forecast for Capital Pass-Through Projects Revenue Requirement

		Parkway Projects								
		Parkway West			Brantford to Kirkwall/Parkway D			2016 Dawn-Parkway Expansion Project		
Line No.	Particulars ($000's)	2018 Draft Actuals	2019 Updated Forecast	Change	2018 Draft Actuals	2019 Updated Forecast	Change	2018 Draft Actuals	2019 Updated Forecast	Change
		(a)	(b)	(c) = (b-a)	(d)	(e)	(f) = (e-d)	(g)	(h)	(i) = (h-g)
	Rate Base Investment									
1	Capital Expenditures	1,092	1,454	362	-	-	-	2,464	-	(2,464)
2	Average Investment	213,974	209,671	(4,303)	182,727	177,731	(4,995)	329,689	323,231	(6,458)
	Revenue Requirement Calculation:									
	Operating Expenses:									
3	Operating and Maintenance Expenses	1,320	1,373	53	621	621	-	951	894	(57)
4	Depreciation Expense (1)	5,479	5,509	29	4,995	4,995	-	8,255	8,229	(26)
5	Property Taxes	572	584	11	939	939	-	1,096	1,100	4
6	Total Operating Expenses (line 3 + line 4 + line 5)	7,372	7,465	93	6,555	6,556	-	10,302	10,223	(79)
	Required Return:									
7	Interest Expense	5,231	5,126	(105)	4,467	4,345	(122)	7,090	6,951	(139)
8	Equity Return	6,879	6,740	(138)	5,874	5,714	(161)	10,599	10,391	(208)
9	Total Required Return (line 7 + line 8) (2)	12,110	11,867	(244)	10,342	10,059	(283)	17,688	17,342	(346)
	Income Taxes:									
10	Income Taxes - Equity Return (3)	2,480	2,430	(50)	2,118	2,060	(58)	3,821	3,747	(75)
11	Income Taxes - Utility Timing Differences (4)	(4,066)	(3,281)	786	(3,938)	(3,234)	704	(7,411)	(6,233)	1,178
12	Total Income Taxes (line 10 + line 11)	(1,586)	(850)	736	(1,820)	(1,174)	646	(3,590)	(2,486)	1,104
13	Total Revenue Requirement (line 6 + line 9 + line 12)	17,896	18,482	586	15,077	15,441	363	24,401	25,079	678
14	Incremental Project Revenue Adjustment (5)	-	-	-	-	-	-	-	-	-
15	Capital Pass-through Adjustments (line 13 - line 14)	17,896	18,482	586	15,077	15,441	363	24,401	25,079	678

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 8.93% 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 30,393 GJ/d of capacity related to the 2017 Dawn-Parkway Project for 2018 and the incremental revenue of the Panhandle Reinforcement Project. Incremental project revenue in 2018 of the 2017 Dawn-Parkway project includes proportional short-term sales for January to October and entire capacity sold long-term M12 Dawn-Parkway for November and December. 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.

UNION RATE ZONES

Summary of 2018 Draft Actuals and 2019 Updated Forecast for Capital Pass-Through Projects Revenue Requirement

Line No.	Particulars ($000's)	Burlington to Oakville Project 2018 Draft Actuals (j)	2019 Updated Forecast (k)	Change (l) = (k-j)	2017 Dawn-Parkway Expansion Project 2018 Draft Actuals (m)	2019 Updated Forecast (n)	Change (o) = (n-m)	Panhandle Reinforcement Project 2018 Draft Actuals (p)	2019 Updated Forecast (q)	Change (r) = (q-p)	Total 2018 Draft Actuals (s)	2019 Updated Forecast (t)	Change (u) = (t-s)
	Rate Base Investment												
1	Capital Expenditures	1,455	-	(1,455)	32,959	15,244	(17,715)	36,454	6,735	(29,719)	74,424	23,433	(50,991)
2	Average Investment	79,289	78,224	(1,064)	569,940	578,948	9,008	203,412	220,477	17,065	1,579,030	1,588,283	9,253
	Revenue Requirement Calculation:												
	Operating Expenses:												
3	Operating and Maintenance Expenses	-	16	16	2,035	2,076	41	-	16	16	4,927	4,995	68
4	Depreciation Expense (1)	1,720	1,737	17	16,035	17,236	1,201	4,473	4,925	452	40,958	42,631	1,673
5	Property Taxes	122	125	3	1,075	1,075	-	1,776	1,848	72	5,580	5,670	90
6	Total Operating Expenses (line 3 + line 4 + line 5)	1,842	1,878	36	19,145	20,386	1,242	6,249	6,788	539	51,465	53,296	1,831
	Required Return:												
7	Interest Expense	1,705	1,682	(23)	12,001	12,190	190	4,283	4,642	359	34,777	34,937	160
8	Equity Return	2,549	2,515	(34)	18,322	18,612	290	6,539	7,088	549	50,763	51,060	297
9	Total Required Return (line 7 + line 8) (2)	4,254	4,197	(57)	30,323	30,802	479	10,822	11,730	908	85,540	85,997	457
	Income Taxes:												
10	Income Taxes - Equity Return (3)	919	907	(12)	6,606	6,710	104	2,358	2,556	198	18,302	18,409	106
11	Income Taxes - Utility Timing Differences (4)	(1,847)	(1,574)	274	(19,681)	(16,784)	2,897	(5,498)	(5,234)	264	(42,442)	(36,339)	6,103
12	Total Income Taxes (line 10 + line 11)	(928)	(667)	261	(13,075)	(10,075)	3,000	(3,140)	(2,678)	462	(24,139)	(17,930)	6,209
13	Total Revenue Requirement (line 6 + line 9 + line 12)	5,168	5,408	240	36,393	41,114	4,721	13,931	15,840	1,909	112,865	121,363	8,498
14	Incremental Project Revenue Adjustment (5)	-	-	-	917	-	(917)	3,607	4,568	961	4,525	4,568	44
15	Capital Pass-through Adjustments (line 13 - line 14)	5,168	5,408	240	35,475	41,114	5,639	10,324	11,272	948	108,341	116,795	8,454

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 8.93% 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 30,393 GJ/d of capacity related to the 2017 Dawn-Parkway Project for 2018 and the incremental revenue of the Panhandle Reinforcement Project. Incremental project revenue in 2018 of the 2017 Dawn-Parkway project includes proportional short-term sales for January to October and entire capacity sold long-term M12 Dawn-Parkway for November and December. 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
London Property Management Association (LPMA)

Reference: Exhibit B1, Tab 2, Schedule 1, page 19

Question:

If the Sudbury Replacement project had been brought forward under the 2014-2018 capital pass-through mechanism, please provide the following:

a) the proposed rate base and depreciation expense for 2018, reflecting the October 2018 in-service date; and

b) the forecasted rate base and depreciation expense for 2019.

Response

a) 2018 Rate Base (000's) = $17,769
2018 Depreciation (000's) = $1,362

b) 2019 Rate Base (000's) = $89,504
2019 Depreciation (000's) = $2,809