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.

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**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.