

OVERVIEW AND APPROVALS REQUESTED

1. This rate adjustment application sets out Enbridge's request for approval of 2017 final rates within the Custom IR rate making model approved by the Board in Enbridge's EB-2012-0459 rate application.
2. The Board issued its Decision and Rate Order in EB-2012-0459 on August 22, 2014. That Decision included the final approval of 2014 rates, as well as the process to be used to adjust rates for 2015 to 2018.
3. Enbridge has now updated its 2017 Allowed Revenue amount for the purpose of determining final rates for 2017 in the same manner as which was previously approved by the Board.
4. Enbridge's rate adjustment includes the determination of the 2017 gas volume budget (which requires, among other things, creating forecasts of customers, large volumes, degree days, customer additions and average uses), the updating of operating costs (which includes determination of gas costs, updates of certain O&M costs and tax calculations), the updating of cost of capital (which includes applying the updated ROE and cost of debt to the rate base amount that is used for ratemaking purposes) and the calculation of the sufficiency/(deficiency) which requires forecasts of revenues.
5. Then, when all of that work was completed, Enbridge undertook a full cost allocation and rate design process to create 2017 final rates.

6. Within this 2017 Rate Adjustment Proceeding, Enbridge requests approval of its final rates for 2017. As described below, this includes approval of a number of constituent elements.
7. Through Enbridge's EB-2012-0459 rate application, the Board approved a five year Custom IR rate making model to be used by Enbridge for fiscal years 2014 through 2018. The Board's Decision with Reasons and associated Final Rate Order approved all of the elements and forecast costs to be used within the derivation of 2014 Allowed Revenue and final rates associated with 2014.
8. The Board's Decision with Reasons and related Rate Order also approved placeholder Allowed Revenue amounts for 2015 to 2018. The placeholder Allowed Revenue amounts are subject to adjustment in advance of each year to update certain limited elements of Allowed Revenue. The elements to be updated to set final Allowed Revenue for each year from 2015 to 2018 were described within Appendix E to the EB-2012-0459 Final Rate Order, a copy of which is attached hereto as Appendix "A". The resulting final Allowed Revenue amount for each year is to be used to set final rates, based upon updated volume forecasts for that year.
9. In this proceeding, Enbridge requests approval of the final 2017 Allowed Revenue Amount. Table 1 (attached as Appendix "B") sets out the derivation of the final 2017 Allowed Revenue Amount.

10. Column 1 of Table 1 sets out the Board-approved placeholder 2017 Allowed Revenue amount, by component. Column 2 indicates the items being updated, in order to arrive at the final 2017 Allowed Revenue amount that is set out within Column 3. All other components of 2017 Allowed Revenue were previously approved by the Board in EB-2012-0459. The final 2017 Allowed Revenue amount incorporates the updated amounts associated with each of the items listed in Column 2. Column 4 of Table 1 includes a brief description of each of the items being updated. Column 5 includes the evidentiary reference for each of the updated items: in general, the evidence about updated rate base is found in the “B” series of exhibits, the evidence about updates to certain operating cost elements is found in the “D” series of exhibits, and the evidence about updates to cost of capital is found in the “E” series of exhibits.
11. Enbridge also requests approval of its 2017 gas volume forecast, which is used for the purpose of setting 2017 rates (as well as 2017 gas costs and other gas cost related items). The evidence in support of the 2017 volume forecast is found within the “C” series of exhibits. Also set out within the “C” series of exhibits is the 2017 revenue forecast, which uses the 2017 gas volume forecast. Evidence in support of Enbridge’s 2017 gas costs forecast is found within the Exhibit D, Tab 2 series of exhibits. This evidence has been expanded as compared to prior years in order to respond to a commitment made in the EB-2015-0114 Settlement Proposal (2016 rate adjustment case).
12. Enbridge then requests approval of the forecast revenue deficiency associated with the 2017 Allowed Revenue amount, and the 2017 gas volume forecast, as set out within the “F” series of exhibits.

13. Taking all the foregoing into account, Enbridge requests approval of its proposed final 2017 Rates, including the new Dawn Transportation Service (“DTS”) and an update to Rate 332, as set out in the “H” series of exhibits, to be effective January 1, 2017.

14. In connection with the approval of final 2017 Rates, Enbridge requests that the Board approve the establishment of the 2017 Deferral and Variance Accounts set out within the evidence at Exhibit D2, Tab 1, Schedule. The Deferral and Variance accounts, except for three renewed accounts being requested, were each approved for the Custom IR term within the EB-2012-0459 Decision with Reasons, except for the Dawn Access Costs Deferral Account for which approval was granted within the EB-2014-0323 proceeding, and the OEB Cost Assessment Variance Account, which was approved in a Board letter dated February 9, 2016. The renewed accounts being requested, the 2017 Rate 332 revenue Variance Account, the 2017 Greater Toronto Area Incremental Transition Cost Deferral Account and the 2017 Customer Care Services Procurement Deferral Account, are explained further within Exhibit D2, Tab 1, Schedule 1.

15. Enbridge requests that the Board establish a process for this Application that provides for final rates to be approved as soon as possible, and in any event in sufficient time for implementation in conjunction with the January 1, 2017 QRAM Application. Enbridge also requests that the Board approve the implementation of Rider D commencing on that date, to allow for the refund of \$77.5 million of site restoration cost reserve to be spread over the entire 2017 Rate Year. This is explained at Exhibit H1, Tab 1, Schedule 1.

16. Enbridge's final rates for 2017 will also include its Cap and Trade Unit Rates as required by the Board's July 28, 2016 "Early Determination Regarding Billing of Cap and Trade Related Costs and Customer Outreach" (the "Early Determination") in the EB-2015-0363. However, in accordance with direction from the OEB and consistent with the instructions in the EB-2015-0363 Report on the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities, Enbridge is not seeking approval of the Cap and Trade Unit Rates in this Rate Adjustment Application. Instead, the Cap and Trade Unit Rates will be presented for approval within Enbridge's 2017 Compliance Plan, which is to be filed by November 15, 2016. Enbridge requests that approval of the 2017 Cap and Trade Unit Rates be granted in sufficient time to allow for implementation in conjunction with the January 1, 2017 QRAM Application.