BOARD STAFF INTERROGATORY #2

INTERROGATORY

Ref: A1/T3/S1/para14

Please indicate if the "renewed" deferral and variance accounts being requested for 2017 are precisely the same accounts as approved by the OEB in 2016 and prior years. If not, please provide a track changes (or black-lined) version showing the changes.

RESPONSE

The renewed accounts refer to the 2017 Greater Toronto Area Incremental Transmission Capital Revenue Requirement Deferral Account ("GTAITCRRDA"), the 2017 Customer Care Services Procurement Deferral Account ("CCSPDA"), and the 2017 Rate 332 Deferral Account ("R332DA"). The differences between the 2016 and 2017 accounts are described below.

The purpose of the 2017 GTAITCRRDA, to record for recovery from transportation service customers the revenue requirement related to an incremental $55 million of forecast capital costs which resulted from the upsizing Segment A of the GTA project to an NPS 42 pipeline from an NPS 36 pipeline, in the event that at the time Segment A is put into service there are no Rate 332 transportation customer(s) or no ability for Rate 332 transportation customers to utilize Segment A, remains the same as the 2016 GTAITCRRDA. The only exception being that it would record the 2017 revenue requirement as compared to the 2016 revenue requirement.

The purpose of the 2017 CCSPDA, to capture the costs associated with benchmarking, tendering, and potential transition of customer care services to a new service provider, with a cumulative $5 million cap, remains the same as the 2016 CCSPDA. The change with the renewed 2017 account is with regards to the time period for which the account will be in place. The original account was approved for the 2014 through 2016 time period, while the renewed 2017 account is proposed for the 2017 through 2019 time period. The time period change results from the extension of the customer care outsourcing contract with Accenture through 2019 (which occurred in 2014), which delayed the potential incurrence of costs associated with benchmarking, tendering, and potential transition of customer care services to a new service provider.

The purpose of the 2017 R332DA remains the same as the 2016 R332DA, to ensure that the Company's bundled customers only pay for the revenue requirement on the transportation component of Segment A (of the GTA project), net of the revenue requirement on the incremental $55 million in upsizing costs, where Rate 332 transportation service is not available. The difference between 2016 and 2017 is the assumption as to whether Rate 332 transportation service would be able to be offered, which dictates how the costs of the transportation component of Segment A are allocated for recovery, which in turn dictates when the R332DA would be utilized. In the 2016 rate application, the assumption was that Rate 332 transportation service would not be able to be offered during 2016. As a result, bundled customers were allocated the costs of the transportation component of Segment A, net of the revenue requirement on the incremental $55 million in upsizing costs (which was to be recovered through the 2016 GTAITCRRDA). The 2016 R332DA would therefore be utilized should Rate 332 transportation service be offered at any point during 2016, to refund to bundled customers Rate 332 billings received, net of any reduction in the amount forecast to be recovered through the 2016 GTAITCRRDA. In the 2017 rate application, the assumption is that Rate 332 transportation service will be able to be offered for all of 2017. As a result, bundled customers are not allocated costs related to the transportation component of Segment A. The 2017 R332DA would therefore be utilized should Rate 332 transportation service not be able to be offered for a portion or all of 2017, to collect from bundled customers forecast costs related to the transportation component of segment A, net of the revenue requirement on the incremental $55 million in upsizing costs, that would be recorded for recovery through the 2017 GTAITCRRDA.