

OVERVIEW AND APPROVALS REQUESTED

1. This Rate Adjustment Application sets out Enbridge's request for approval of 2018 rates within the Custom IR rate making model approved by the Board in Enbridge's EB-2012-0459 rate application. The 2018 rates approved in this proceeding will be interim rates, until the Board approves the Cap and Trade Unit Rates for 2018 within Enbridge's 2018 Cap and Trade Compliance Plan application (to be filed as EB-2017-0224).
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 2018 Allowed Revenue amount for the purpose of determining final rates for 2018 in the same manner as which was previously approved by the Board (with one change, as noted below).
4. Enbridge's rate adjustment includes the determination of the 2018 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 2018 final rates.
6. As described below, Enbridge's requested approval of 2018 rates includes the 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. There is one change from the approach followed in prior years. As described in Exhibit D2, Tab 1, Schedule 2, Enbridge is requesting the discontinuance of Rider D (refund of Site Restoration Costs) for 2018. As of the end of 2017, Enbridge will have refunded more than the Board-approved total of \$379.8 million of SRC to ratepayers. Discontinuing Rider D for 2018 will ensure that there is no over-refund to ratepayers that would have to be recovered in subsequent years. At the same

Witness: K. Culbert

time, Enbridge is proposing to move the tax deductibility credit associated with the forecast return of SRC from Allowed Revenue to the 2018 Constant Dollar Net Salvage Adjustment Deferral Account (“CDNSADA”). This treatment will effect a final true-up of the CDNSADA as approved by the Board, such that the deferral account and all of the SRC completion implications are dealt with and completed by the time that Enbridge’s 2017 Deferral and Variance Accounts are cleared.

10. In this proceeding, Enbridge requests approval of the final 2018 Allowed Revenue Amount. Table 1 (attached as Appendix “B”) sets out the derivation of the final 2018 Allowed Revenue Amount.
11. Column 1 of Table 1 sets out the Board-approved placeholder 2018 Allowed Revenue amount, by component. Column 2 indicates the items being updated, in order to arrive at the final 2018 Allowed Revenue amount that is set out within Column 3. All other components of 2018 Allowed Revenue were previously approved by the Board in EB-2012-0459. The final 2018 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.
12. Enbridge also requests approval of its 2018 gas volume forecast, which is used for the purpose of setting 2018 rates (as well as 2018 gas costs and other gas cost related items). The evidence in support of the 2018 volume forecast is found within

the “C” series of exhibits. Also set out within the “C” series of exhibits is the 2018 revenue forecast, which uses the 2018 gas volume forecast. Evidence in support of Enbridge’s 2018 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).

13. Enbridge then requests approval of the forecast revenue deficiency associated with the 2018 Allowed Revenue amount, and the 2018 gas volume forecast, as set out within the “F” series of exhibits.
14. Taking all the foregoing into account, Enbridge requests approval of its proposed 2018 Rates, as set out in the “H” series of exhibits, to be effective January 1, 2018.
15. In connection with the approval of 2018 Rates, Enbridge requests that the Board approve the establishment of the 2018 Deferral and Variance Accounts set out within the evidence at Exhibit D2, Tab 1, Schedule 1. The Deferral and Variance accounts being requested have all been approved or ordered in prior proceedings.
16. As set out at Exhibit A2, Tab 1 Schedule 1, Enbridge is also requesting approval of service fees and treatment of costs for its two new carbon abatement programs. The Renewable Natural Gas enabling program will provide upgrading and injection services to RNG producers. The Geothermal Energy Services program will provide geothermal loops for heating and cooling to residential customers under long term contracts. These programs form part of the Company’s long term carbon abatement strategy and relate to the Company’s contributions towards the Province’s *Climate Change Mitigation and Low-carbon Economy Act, 2016* and the OEB’s Regulatory

Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities.

17. Enbridge requests that the Board establish a process for this Application that provides for 2018 rates to be approved as soon as possible, and in any event in sufficient time for implementation in conjunction with the January 1, 2018 QRAM Application.
18. Enbridge is not seeking approval of the Cap and Trade Unit Rates in this 2018 Rate Adjustment Application, as consistent with the instructions from the OEB in the EB-2015-0363 Report on the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities. Instead, the Cap and Trade Unit Rates (as well as necessary additional Variance or Deferral Accounts) will be presented for approval within Enbridge's 2018 Compliance Plan (EB-2017-0224), which is to be filed within 3 weeks of the release of the Board's Decision on Enbridge's 2017 Compliance Plan (EB-2016-0300). Enbridge requests that approval of the 2018 Cap and Trade Unit Rates be granted in sufficient time to allow for implementation in conjunction with the January 1, 2018 QRAM Application.
19. During the current 2014 to 2018 Custom IR term, Enbridge has made several commitments in Settlement Proposals that have been approved by the Board in Rate Adjustment proceedings and Earnings Sharing (ESM) proceedings. These commitments relate to items that Enbridge has agreed to pursue and report on, or to explain, in evidence to be filed in future proceedings. Several of these items are relevant to this 2018 Rate Adjustment proceeding. Enbridge can advise that it has satisfied each of the relevant commitments in its evidence in this case. For ease of reference, Appendix "C" to this Overview evidence includes a summary of each

Witness: K. Culbert

commitment, and an indication of where Enbridge's response to that item is discussed.