

RETURN ON EQUITY CALCULATION FOR 2018

1. In its EB-2012-0459 Decision with Reasons issued July 17, 2014, the Board determined that “the Cost of Capital will be re-set each year using the Board’s established approach” (p.10). The Board further concluded that “the allowed ROE for purposes of calculating the ESM should be the ROE used to determine the allowed revenue requirement” (p.14) and that “[T]he preferred approach is to update the return on equity each year during the annual rate adjustment proceeding using the Board-approved parameters. The Board publishes these figures in November which should provide Enbridge with adequate time to incorporate them into the final rates” (p.55).
2. The Company is unable to provide the forecast at this time using the prescribed calculation, but will update this evidence when the Board issues its Cost of Capital Parameter Updates for 2018 Applications in November of this year. For purposes of deriving estimated rate impacts for the 2018 application, the Company has applied the value of 8.84%, which is based on the July 2017 inputs being applied to the Board’s established approach to calculating ROE.