

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Ref: Allowed Revenue and Sufficiency / Deficiency Summary
Exhibit A1 / Tab 3 / Schedule 1 / Appendix B Exhibit D1 / Tab 6 / Schedule 2 / Page 1

Preamble:

Enbridge provided a summary highlighting the allowed 2018 revenue and the revenue deficiency. The summary shows the proposed 2018 allowed revenue compared to the 2018 placeholder allowed revenue.

Question(s):

- a) Please explain why the 2018 placeholder income tax shown at Line 16 of Exhibit A1 / Tab 3 / Schedule 1 / Appendix B / Page 1 does not match the placeholder income tax shown at Exhibit D1 / Tab 6 / Schedule 2 / Page 1. If the reason is that Exhibit D1 / Tab 6 / Schedule 2 / Page 1 does not include CIS / Customer Care-related income taxes, please provide a reference to where those taxes are shown. Please ensure that there is sufficient evidence on the record to allow for the reconciliation of the \$34.2 million proposed 2018 income tax amount.
- b) Please provide a variance analysis with the necessary explanations, in the same level of detail as Exhibit A1 / Tab 3 / Schedule 1 / Appendix B, highlighting the 2017 OEB-approved allowed revenues compared to the proposed 2018 allowed revenues.

RESPONSE

- a) The \$7.1 million variance between the income tax amount of \$34.2 million shown at Exhibit A1, Tab 3, Schedule 1, Appendix B, Page 1, Column 3, Row 16, and the \$27.1 million shown at Exhibit D1, Tab 6, Schedule 2, Page 1, Column 3, Row 32, reflects the tax amount attributable to CIS/Customer Care Costs. The breakdown of all 2018 CIS / Customer Care Costs sought for recovery, which results from the application of the Board Approved EB-2011-0226 Settlement Agreement as detailed in Exhibits D1, Tab 3, Schedules 1 to 3, by allowed revenue component, totaling \$131.1 million inclusive of tax of \$7.1 million, can be seen in Exhibit F1, Tab 2, Schedule 1, Column 7, Rows 1 to 22. The 2018 CIS/Customer Care tax amount

Witness: R. Small

reflects the tax component embedded within the approved 2018 CIS asset revenue requirement amount shown at Exhibit D1, Tab 3, Schedule 2, Page 43, Column M, Row 3, and Exhibit D1, Tab 3, Schedule 3, Page 1, Column M, Row 3.

- b) Attachment 1 to this response provides a comparison between each of the components of 2018 Updated Forecast allowed revenues, revenues at existing rates, and resultant deficiency, relative to the 2017 Approved values, and identifies the main drivers for the variances.