BOARD STAFF INTERROGATORY #14

INTERROGATORY

Ref: Operating Costs – Utility Taxable Income and Income Tax Expense
Exhibit D1 / Tab 6 / Schedule 1

Preamble:

Enbridge noted that it removed the 2018 placeholder tax deduction ($31.1 million) for the site restoration cost (SRC) adjustment. The removal of the noted tax deduction is in accordance with Enbridge's proposal to discontinue Rider D in 2018 (and to move the tax deduction from 2018 allowed revenue to the Constant Dollar Net Salvage Adjustment Deferral Account).

Question(s):

a) Please provide Exhibit D1 / Tab 6 / Schedule 2 with the $31.1 million SRC adjustment related tax deduction included.

b) Please provide a revised 2018 allowed revenue and sufficiency / deficiency schedule (Exhibit A1 / Tab 3 / Schedule 1 / Appendix B) with the income tax line based on the inclusion of $31.1 million SRC-related tax deduction.

c) c) Please provide revised bill impacts for a typical Rate 1 and Rate 6 customer with the SRC-related tax deduction included in the 2018 allowed revenue.

RESPONSE

a) Please refer to Attachment #1 which replicates Exhibit D1 / Tab 6 / Schedule 2 under the assumption that the 2018 $31.1 million SRC adjustment related tax deduction is included.

b) Please refer to Attachment #2 which replicates Exhibit F1 / Tab 2 / Schedule 1 (which is comparable to A1 / Tab 3 / Schedule 1 / Appendix B but segregates CIS/Customer Care amounts), under the assumption that the 2018 $31.1 million SRC adjustment related tax deduction is included.

Witnesses: A. Kacicnik
R. Small

c) As outlined in Attachment #2 to response b) above, the 2018 revenue deficiency would equal $74.7 million assuming the SRC-related tax deduction was included in the 2018 revenue requirement calculation.

The following table compares:

- The Company's as-filed rate and bill impacts found at Exhibit H2, Tab 8, Schedule 1 versus the scenario with the SRC-related tax reduction included in the 2018 revenue requirement calculation. These are found below under the headings for Rate 1 and 6 excluding the SRC Credit. Please note, however, that the ultimate bill impacts for customers in 2018 will be same under either scenario – under Enbridge's proposal (the as-filed scenario), the impact of the SRC-related tax deduction will be credited at the time that deferral and variance accounts are cleared (likely in October 2018).

		As Filed Deficiency of $86 M			Scenario Deficiency of $74.7 M	
		Rate Impact	Bill Impact		Rate Impact	Bill Impact
Rate 1 excluding SRC Credit						
Sales		3.2%	$ 28.3		2.8%	$ 24.5
T-Service		4.8%	$ 28.7		4.2%	$ 24.9
Rate 6 excluding SRC Credit						
Sales		2.4%	$ 159.6		2.1%	$ 139.7
T-Service		4.3%	$ 163.0		3.8%	$ 143.3

Witnesses: A. Kacicnik
R. Small