

Enbridge Customized IR Plan

EB-2012-0459

Technical Conference

January 16 - 21, 2014

Areas of Focus / Advance Questions / Undertakings of Board staff

Witness Panel	Areas of Focus	Topics	Time Estimate
Model Design (Enbridge)	Model Design	<ul style="list-style-type: none">• Cost Forecasts• Z Factors• Y Factors• Updated SEIM• Benchmarking• Econometric Modelling	3 – 4 hours
Pension and OPEB (Enbridge)	Pension and OPEB costs	Pension and OPEB costs (see undertakings attached)	45 minutes
SRC (Enbridge)	Site Restoration Costs / Depreciation Expense	Site Restoration Costs / Asset Retirement Obligation (SRC/ARO)	30 minutes

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Updated Sustainable Efficiency Incentive Mechanism ("SEIM")

Evidence ref: A2/T11/S3

Request:

Board staff requests Enbridge to prepare several hypothetical examples of the SEIM as handouts at the Technical Conference to demonstrate how the mechanism will operate in practice. Staff would find it helpful if Enbridge witnesses could provide a "walk through" of the examples.

Enbridge Technical Conference – Pension & OPEB Costs

EB-2012-0459

January 2014

Topics to Cover

- Pension & OPEB costs

Undertakings

1. Please provide updated actuarial valuations (one for financial reporting purposes – accrual basis and one for funding purposes as reported to the FSCO) at December 31, 2013 with new actuarial assumptions and actual experience. The valuations should include a revised discount rate since government bond yields have increased almost 100 basis points over the past year and higher asset returns given the strong equity markets over the past year.

Please update the 2014-2018 pension and OPEB costs in EGD's evidence reflecting the updated actuarial valuation.

2. Provide a rough estimate of 2014 pension costs, using management's assumptions, if employees contribute 50% towards the cost.
3. As per Exhibit A2, Tab 1, Schedule 1, Page 5, updated December 11, 2013, EGD plans to update the approved Allowed Revenue amounts for the years 2015 through 2018 to include recent forecasts of amounts related to Pension and OPEB.

Please explain why EGD is requesting continuance of the 2013 PTUVA from 2014 to 2018, instead of just for 2014, in light of the fact that pension and OPEB costs will be updated every year from 2015 through 2018.

4. Board staff has prepared the following Table 1 from EGD's 2005-2012 audited financial statements and data from the EB-2011-0354 and current proceedings.

Table 1

Enbridge Gas Distribution Inc. Pension & OPEB Costs 2005-2014														
(\$ millions)	2005	2006	2007	2008	2009	2010	2011	2011	2012	2013	2013	Reference	2014	
	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	US GAAP	US GAAP	USGAAP	USGAAP	Reference	USGAAP	Reference
	As per audited financial statements									Actual	Board Approved		Budget	
Defined Benefit Pension Net Periodic Benefit Cost	- 21.4	- 21.7	- 21.9	- 26.8	- 7.5	- 6.0	- 5.0	21.0	40.0		37.3	EB-2011-0354 Settlement Agreement	30.0	D1-16-1-1 D1-16-1-1
Defined Contribution Pension Net Periodic Benefit Cost	-	-	-	1.3	1.2	2.0	1.0	1.0	1.0		-		-	
OPEB Net Periodic Benefit Cost	9.0	10.9	11.2	11.1	9.9	9.0	9.0	6.0	6.0		5.5		5.9	
Total	- 12.4	- 10.8	- 10.7	- 14.4	3.6	5.0	5.0	28.0	47.0		42.8		35.9	
													37.2	→ D1-3-1
												Unaccounted for Difference	1.3	

* 2007 financial year restated in 2008 audited financial statements

- a) Please confirm that the data in the table is correct. If the data is not correct, please update and provide an explanation.
- b) Please provide the 2013 audited pension and OPEB costs in the grey shaded area of the table. If the audited costs are not available, please provide unaudited numbers.
- c) Please provide an explanation of the increase in pension and OPEB costs from a negative expense or surplus position of - \$12.4 million in 2005 through an expense position in 2014 of \$37.2 million.
- d) Please explain the unaccounted difference of \$1.3 million in the 2014 Budget of Pension & OPEB costs, as outlined in the table above comparing the evidence in D1-16-1-1 and D1-3-1.
- e) Please describe any specific actions that EGD has taken to ensure prudent management of its pension and OPEB costs and provide necessary evidence. Please factor into EGD's response the fact these costs have been recovered from ratepayers over the past number of years and are now being trued-up through the variance account starting January 1, 2013.