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January 29, 2014

VIA RESS, EMAIL and COURIER

Ms. Kirsten Walli
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Re: EB-2012-0459 - Enbridge Gas Distribution Inc. ("Enbridge")
2014 – 2018 Rate Application
Updated Exhibits

Further to Enbridge Gas Distribution's filing of January 28, 2014, attached please find updated exhibits as follows:

Exhibit I.A1.EGDI.BOMA.2;
Exhibit I.A1.EGDI.SEC.5; and
Exhibit TCU2.4.

This submission was filed through the Board's RESS and is available on the Company's website at www.enbridgegas.com/ratecase.

Yours truly,

(original signed)

Lorraine Chiasson
Regulatory Coordinator

cc: Mr. F. Cass, Aird & Berlis
EB-2012-0459 Intervenors

BOMA INTERROGATORY #2

INTERROGATORY

Can Union provide a comparison showing the amount of money (over and above Board approved revenue requirement for 2013) that it proposes to recover from ratepayers over the five year plan period (the years 2014-2018), compared to what it would recover if it were to adopt the five year Union IRM Plan, recently agreed by the parties in a Settlement Agreement (EB-2013-0202), and applied the elements of that plan to its approved 2013 rates?

RESPONSE

Please see the table below:

Allowed Revenues (Net of Gas Cost)

$ Millions	2013 Board Approved	2014	2015	2016	2017	2018
Customized IR (As applied for)	1,021	1,012	1,058	1,171	1,227	1,286
Incremental over 2013 board approved		(10)	37	149	205	265
Approximation of Union IRM	1,021	991	1,025	1,105	1,136	1,173
Incremental over 2013 board approved		(31)	4	84	115	151

Assumptions for 'Approximation of Union IRM':

- Escalation factor assuming GDPIPI of 1.7%, with 60% productivity factor
- Revenue cap per customer Model
- Y factor treatment for GTA and Ottawa project
- DSM, CIS/Customer Care, Pension cost and carrying cost of Gas In Storage as flow through items
- Adjustment for reduction in depreciation expense with SRC in 2013 base
- Factor in cost of capital and tax impact of site restoration cost adjustment

Allowed Revenue incremental to that approved by the Board for 2013 averages $129 million during each year of the IR term. The increase in Allowed Revenue is mainly a result of the rate base growth due to increased forecast safety and integrity capital spending and expected increases in forecast Allowed ROE.

Witnesses: R. Fischer
S. Kancharla

Enbridge's Customized IR plan sets out Allowed Revenue amounts for each year to allow the Company to safely and efficiently operate its business and have the opportunity to earn the Board-approved level of return. Adoption of Union's IRM plan would result in forecast annual average increases of Allowed Revenue of about $65 million, about one half of that required by Enbridge to provide it with a reasonable opportunity to earn its Allowed Return. Clearly, Union's plan will not work for Enbridge's circumstances.

Witnesses: R. Fischer
S. Kancharla

SEC INTERROGATORY #5

INTERROGATORY

Issue A1: Is Enbridge's proposal for a Customized IR plan for a 5 year term covering its 2014 through 2018 fiscal years appropriate?

Please provide a table that sets out forecasts of the Applicant's allowed distribution revenues, deficiency or sufficiency, and percentage rate increase/decrease for each year from 2014 to 2018, calculated on the assumption that rates are set on the basis set out for Union Gas in EB-2013-0202, Exhibit A, Tab 2, as approved by the Board. Please state explicitly any assumptions used by the Applicant (e.g. inflation rates) in calculating the amounts requested.

RESPONSE

The Assumptions used to generate the scenario described in the question above include the following:

Assumptions for 'Approximation of Union IRM':
- Escalation factor assuming GDPIPI of 1.7%, with 60% productivity factor
- Revenue cap per customer Model
- Y factor treatment for GTA and Ottawa project
- DSM, CIS/Customer Care, Pension cost and carrying cost of Gas In Storage as flow through items
- 2013 Depreciation Rate

Using these assumptions, EGD has calculated the resulting revenues that would be generated for each year over the 2014 to 2018 period. The table below sets out these revenues, as well as the Allowed Revenues excluding the depreciation rate changes and SRC proposal impacts and calculates the difference between them as the resulting implied deficiency for each year.

Witnesses: K. Culbert
R. Fischer
A. Kacicnik
M. Lister

Allowed Revenues (Net of Gas Cost)						
$ Millions	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
	Board Approved					
Customized IR (Excluding Depreciation & SRC)	1,021	1,073	1,114	1,223	1,271	1,314
Approximation of Union IRM	1,021	1,045	1,074	1,150	1,176	1,201
Difference (Implied Deficiency)		(28)	(40)	(72)	(95)	(113)
Cumulative Difference		(28)	(67)	(112)	(167)	(208)

Finally, the estimated rate impacts associated with the revenues calculated above for "Approximation of Union IRM" are depicted below.

Estimated rate impacts for the 2014 to 2018 period are shown in the table below:

Bundled Services

Rate Class	Col. 1 2014	Col. 2 2015	Col. 3 2016	Col. 4 2017	Col. 5 2018
1	0.3%	2.6%	3.4%	1.0%	1.0%
6	0.2%	1.9%	2.3%	0.8%	0.8%
100	0.0%	0.0%	0.0%	0.0%	0.0%
110	0.1%	0.8%	1.0%	0.3%	0.3%
115	0.0%	0.5%	0.7%	0.2%	0.2%
135	0.0%	0.6%	0.9%	0.3%	0.3%
145	0.1%	0.9%	1.0%	0.4%	0.3%
170	0.0%	0.5%	0.6%	0.2%	0.2%
200	0.0%	0.6%	0.7%	0.2%	0.2%

Unbundled Services

Rate Class	Col. 1 2014	Col. 2 2015	Col. 3 2016	Col. 4 2017	Col. 5 2018
125	0.2%	2.1%	10.0%	9.9%	9.9%
300	0.2%	2.1%	10.0%	9.9%	9.9%

Witnesses: K. Culbert
R. Fischer
A. Kacicnik
M. Lister

UNDERTAKING TCU2.4

UNDERTAKING

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EGDI to explain how it undertook the calculations to create the table in response to BOMA Interrogatory No. 2 (Exhibit I.A1.EGDI.BOMA.2).

RESPONSE

Table 2 on page 2 provides calculation detail with respect to the determination of an approximate revenue requirement assuming the Union IRM found in the table in Exhibit I.A1.EGDI.BOMA.2 (updated 20140129) and reproduced at Table 1 below.

Table 1

Allowed Revenues (Net of Gas Cost)

$ Millions	**2013 Board Approved**	**2014**	**2015**	**2016**	**2017**	**2018**
Customized IR (As applied for)	1,021	1,012	1,058	1,171	1,227	1,286
Incremental over 2013 board approved		(10)	37	149	205	265
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- Factor in cost of capital and tax impact of site restoration cost adjustment

Table 2

Witnesses: R. Fischer
J. Coyne, Concentric Energy Advisors Inc.

Distributed Revenues - Approximation of Union Model

Allowed Revenues - IR ($M)	**Rebase 2013**	**Second Generation IR 2014**	**2015**	**2016**	**2017**	**2018**
	ADR					
Escalation factor						
Escalation factor (Inflation)		1.7%	1.7%	1.7%	1.7%	1.7%
Productivity		-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
I-X		0.7%	0.7%	0.7%	0.7%	0.7%
Customer growth		1.7%	1.7%	1.7%	1.7%	1.7%
Total Escalation factor		2.4%	2.4%	2.4%	2.4%	2.4%
2013 Revenue Requirement	**817**	817				
Adjustment for Reduction in depreciation expense with SRC in 2013 base		(39)				
2013 Adjusted Revenue Requirement - subject to escalation		**778**				
Allowed Revenues - IR with escalation		**797**	**816**	**836**	**856**	**876**
Y factor						
Carrying cost for Gas in Storage	20	20	20	21	21	21
Pension cost	43	37	34	31	30	28
DSM	31	32	33	33	34	35
Y factor for Customer Care	110	114	119	124	129	134
Y factor for GTA&Ottawa	-	5	12	62	62	62
Cost of capital impact (SRC Return)	-	3	9	14	18	21
Site Restoration Cost - Tax impact	-	(18)	(17)	(15)	(14)	(5)
	1,021	194	209	269	280	296
Total Allowed Revenues -IR	**1,021**	**991**	**1,025**	**1,105**	**1,136**	**1,173**
Achieved ROE (based on EGD required budgets)	**8.9%**	**8.3%**	**8.3%**	**7.7%**	**6.9%**	**6.3%**

<u>Workings</u>

	2014	2015	2016	2017	2018
Ratebase	4,442	4,798	5,524	5,737	5,906
Equity thickness	36%	36%	36%	36%	36%
Deemed Equity	1,599	1,727	1,989	2,065	2,126
Utility Earnings	133	143	153	143	134
Achieved ROE (based on EGD required budgets)	8.3%	8.3%	7.7%	6.9%	6.3%

Witnesses: R. Fischer
J. Coyne, Concentric Energy Advisors Inc.