CCC INTERROGATORY #1

INTERROGATORY

Ex. A1/T3/S1/Appendix B

Please provide detailed variance analysis to explain the major differences between the 2015 Allowed Revenue Placeholder and the Total Final 2015 Allowed Revenue for which EGD is seeking approval.

RESPONSE

Table 1 below provides a summary of the changes between the 2015 allowed revenue placeholder, established in EB-2012-0459, and the final 2015 allowed revenues EGD is seeking approval of in this proceeding, which are also presented in Column 2 of the referenced exhibit, or Columns 4 and 5 of Exhibit F1, Tab 2, Schedule 1. The changes result from the updates made in accordance with the Custom IR model approved in EB-2012-0459, which were summarized in Appendix E of the Decision and Rate Order. Appendix E from the EB-2012-0459 Decision and Rate Order is reproduced at Appendix A of the referenced exhibit.

TABLE 1

Line No.		($Millions)
1.	2015 placeholder allowed revenues (EB-2012-0459)	2,634.1
	2015 Test Year Adjustments	
2.	Cost of capital	(7.7)
3.	Gas costs	80.3
4.	Operation and maintenance	5.7
5.	Customer care and CIS	(0.7)
6.	Income taxes (incl. taxes on sufficiency/deficiency)	12.2
		89.8
7.	2015 test year allowed revenues (EB-2014-0276)	2,723.9

Witnesses: K. Culbert
R. Small

The reduction in the cost of capital is the net result from a reduction in the required rate or return, partially offset by an increase in rate base. The reduction in the required rate of return results from updating debt costs to reflect the impact of actual issuances and updated forecast issuances and cost rates, and from updating the return on equity to reflect the 2015 rate derived from the Board's established methodology. Details of the updated cost of debt and allowed ROE can be found in the E series of exhibits. The increase in rate base arises primarily from an increase in gas in storage, which has been updated to reflect the impacts from the 2015 volumes re-forecast, re-determined 2015 gas supply plan, and updated pricing to reflect the October 1, 2014 QRAM prices. The increase in gas in storage is slightly offset by a reduction in working cash. Details of the rate base updates can be found in the B1 series of exhibits.

The increase in gas costs reflects impacts resulting from the 2015 volumes re-forecast, the re-determined 2015 gas supply plan, and updating prices to reflect October 1, 2014 QRAM prices. Further details regarding the updated gas costs can be found in Exhibit D1, Tab 1, Schedule 1, and Exhibit D1, Tab 2, Schedules 1 through 8. It should also be noted that in determining the updated test year deficiency, revenues at existing rates have also been updated to reflect the 2015 volumes re-forecast and October 1, 2014 QRAM prices.

The increase in operation and maintenance costs reflects updated forecasts for DSM and accrual based Pension and OPEB costs. Further details can be found in Exhibit D1, Tab 4, Schedule 1, and Exhibit D1, Tab 5, Schedule 1 respectively.

The reduction in Customer Care and CIS costs results from the application of the Board approved EB-2011-0226 Settlement Agreement and the update of forecast 2015 customer numbers, as compared to the forecast customer numbers utilized in determining the 2015 placeholder costs. Details of the 2015 update of Customer Care and CIS costs is found in Exhibit D1, Tab 3, Schedule 1.

The increase in income tax, inclusive of taxes on the sufficiency/deficiency, result primarily from changes to the tax additions and deductions made in correlation to the updates described above. Details of the changes to the utility income tax calculation (excluding taxes on the sufficiency/deficiency), including tax additions and deductions, can be found in Exhibit D1, Tab 6, Schedules 1 and 2.

Witnesses: K. Culbert
R. Small

CCC INTERROGATORY #2

INTERROGATORY

Ex. A1/T5/S1/p. 1

EGD is making a change to Rider G regarding the "Labour Hourly Charge Out Rate" to clarify that the charge is applicable under all circumstances where the attendance of field, or technical personnel are required. Does EGD expect "other revenues" to increase as a result of this change? If so, how much are they expected to increase on an annual basis?

RESPONSE

No, there will not be a change to "other revenues" as a result of this requested change. The requested change is intended to clarify and confirm that the Labour Hourly Charge Out Rate applies equally to work requested by customers and to Damages work where the Company must assess and repair damages caused by customers or third parties. The requested change will not change the actual amounts being billed to customers and third parties for Damages. Amounts recovered from customers and third parties who are invoiced for Damages work have always been a credit in the Company's O&M budget. The Company does not expect the amounts recovered through Damage invoicing to vary significantly during the IR period but they are subject to the number and type of events.

Witnesses: K. Lakatos-Hayward
D. McIlwraith

CME INTERROGATORY #1

INTERROGATORY

Reference: Exhibit A1, Tab 3, Schedule 1, Appendix B, page 1

Please provide a brief narrative of the major causes for the EB-2012-0459 2015 Allowed "Placeholder" Revenue Sufficiency of $1.7 M decreasing by $49.6 M to produce a requested 2015 Revenue Deficiency of $47.9 M.

RESPONSE

The primary cause for the 2015 placeholder revenue sufficiency of $1.7 million, established within EB-2012-0459, becoming a $47.9 million revenue deficiency, requested within this proceeding, is the change in rates used to calculate revenues at existing rates. Within the calculation of the 2015 placeholder revenue sufficiency, forecast 2015 revenues at existing rates were determined utilizing 2013 approved rates, which did not reflect the impact of the final approved rate reduction for 2014. As such, the 2015 placeholder sufficiency reflected a cumulative revenue sufficiency as compared to 2013 rates. Conversely, within the updated 2015 Test Year revenue deficiency, calculated within this proceeding, the updated 2015 forecast revenues at existing rates were determined using final 2014 approved rates, which were reduced to reflect the $62.1 million sufficiency approved for 2014 within EB-2012-0459. Therefore, the updated 2015 Test Year revenue deficiency reflects the required change in comparison to 2014 rates.

In addition to the change in rates, the updated 2015 Test Year revenue deficiency also reflects smaller impacts, both positive and negative, resulting from forecast updates to allowed revenues and revenues at existing rates made within this proceeding, including volumes, gas supply plan, customer care and CIS costs, select operations and maintenance costs, tax additions and deductions, and cost of capital updates. These changes are discussed in response to Consumers Council of Canada (CCC) Interrogatory 1at I.A1.EGDI.CCC.1.

Witnesses: K. Culbert
R. Small

CME INTERROGATORY #2

INTERROGATORY

Reference: Exhibit A1, Tab 3, Schedule 1, Appendix B, page 1

Using the Board's currently approved QRAM rates as the baseline, rather than the 2015 Placeholder amount, please advise of the total "Revenue at existing rates" compared to the $2,676.0 M amount shown at line 27 of Column 3 of Exhibit A, Tab 3, Schedule 1, Appendix B.

RESPONSE

As indicated in evidence at Exhibit C1, Tab 1, Schedule 1, page 2, the rates used within the forecast of revenue at existing rates, of $2,676.0 M, are based on the commodity rates approved within the October 2014 QRAM proceeding EB-2014-0191, and the Final Rate Order in EB-2012-0459.

Similarly, the forecast gas costs of $1,687.1 M, and the forecast gas in storage value included within the updated rate base value, were each developed utilizing the same approved October 2014 gas commodity reference price.

There is no need to update the gas commodity reference price used within the updated forecast of revenues, gas costs, and gas in storage for 2015, as commodity price changes are handled within the approved QRAM process. This has been the consistent approach since the Board approved the current QRAM process.

Witnesses: K. Culbert
D. Small
R. Small

CME INTERROGATORY #3

INTERROGATORY

Reference: Exhibit A1, Tab 3, Schedule 1, Appendix B, page 1

To what extent would the $47.9 M Revenue Deficiency amount, shown at line 28, Column 3 of Exhibit A, Tab 3, Schedule 1, Appendix B, be reduced had EGD acquired incremental gas during the severe 2013/14 winter unit costs comparable to the unit costs Union Gas Limited ("Union") incurred? For the purpose of responding to this question, please assume that the unit costs of the incremental gas acquired by Union were 30% lower than the unit costs incurred by EGD.

RESPONSE

The $47.9 M Revenue Deficiency would not be impacted by the incremental costs payable by Enbridge Gas Distribution during the 2013/14 winter.

The 2015 rate application and resulting revenue requirement is influenced by the particulars resident within the 2015 gas supply plan which was developed to meet the forecasted budgeted demand for 2015.

In any event, Enbridge Gas Distribution does not believe that a detailed review of its gas supply activities in 2014 is relevant to this proceeding. Within its EB-2014-0191, October QRAM Decision, the Board reiterated its findings from the EB-2014-0039 April QRAM where its stated that:

> ….the Board found nothing on the record to trigger a more extensive review of the prudence of the actions taken by Enbridge to purchase gas for its customers during the 2013/2014 winter.;
>
> ….that Enbridge purchased gas according to its Board approved gas supply plan and that its gas supply plan differs from that of Union.; and
>
> The Board rejects CME and FRPO's contention that Enbridge's entire gas procurement over this past winter should be re-visited in this proceeding or as part of another proceeding.

Witnesses: K. Culbert
D. Small
R. Small

CME INTERROGATORY #4

INTERROGATORY

Reference: Exhibit A1, Tab 3, Schedule 1, Appendix B, page 1

To what extent is the Customized Incentive Regulation ("IR") Framework approved in the EB-2012-0459 proceeding expected to produce benefits for ratepayers for the 2014 year? If there are any expected ratepayer benefits for 2014, then please describe and quantify them.

RESPONSE

The Customized IR framework that EGD will be operating within for fiscal years 2014-2018, was reviewed and approved by the Board within the EB-2012-0459 proceeding.

Questions about the Company's performance in 2014 are not relevant within this proceeding. This case is aimed at applying the Customized IR Framework to set rates for 2015. A review of 2014 actual results versus 2014 Board Approved is to occur within a 2014 Earnings Sharing Mechanism application in the spring of 2015.

Witnesses: K. Culbert
R. Small

BOARD STAFF INTERROGATORY #1

INTERROGATORY

Rider G Service Charges – Labour Hourly Charge-Out Rate

Ref: ExA1/T5/S1

With respect to EGD's charge-out for service of $140/hour and the clarifications proposed to the wording for Rider G, does the Company typically provide an estimate to the customer prior to undertaking this type of work?

RESPONSE

Where work that is charged to the customer is initiated (requested) by the customer, then it is custom quoted to the customer. This would include examples like main relocations, cut offs at main and other alterations.

The charge-out rate also applies to work performed on damages caused by third parties where Company staff are required to attend to the site. In those cases, there is no opportunity to provide an estimate as the site assessment and work must be performed as soon as possible to minimize disruption to the system and ensure customer safety. As a result, this work does not involve an estimate for work required. Company staff are required to make-safe, investigate the event and in some cases make the repairs required.

Witnesses: K. Lakatos-Hayward
D. McIlwraith

VECC INTERROGATORY #1

INTERROGATORY

Reference: A1/T5/S1/

a) Please confirm there are no changes to the quantum of the Labour Hourly Charge-Out Rate, or any of the other charges shown in Table 1 of this Schedule.

RESPONSE

There are no changes.

Witnesses: K. Lakatos-Hayward
D. McIlwraith