

CME INTERROGATORY #5

INTERROGATORY

Reference: Exhibit B1, Tab 1, Schedule 2

For information tracking and comparative purposes, please provide, for 2014, the EB-2012-0459 Board approved amounts, along with the 2014 year-end actual amounts or as much actual information as is available for 2014 plus estimated actuals for the balance of the year, in a format identical to the format of Columns 1, 2 and 3 of Exhibit B1, Tab 1, Schedule 2. We wish to use that information to evaluate the extent to which the amounts shown in lines 1 to 12 of Column 8 of Exhibit B1, Tab 1, Schedule 2 exceed 2014 actuals.

RESPONSE

2014 actual results and data are not relevant to the determination of the Company's 2015 rate base for the purpose of setting rates under the "Customized IR" model. As such, the Company declines to provide the requested information.

The Company's 2015 Final Rate Base and Rates are to be determined in accordance with the "Customized IR" model approved by the Board in its EB-2012-0459 Decision. As indicated within Exhibit A1, Tab 3, Schedule 1, including Appendix A which reproduces Appendix E from the EB-2012-0459 Decision and Rate Order, the Board's EB-2012-0459 Decision approved those elements which are to be updated annually within subsequent rate applications for each of the fiscal years from 2015 to 2018. Other items were fixed in the EB-2012-0459 Decision. In terms of rate base, the only components subject to annual updates are gas in storage and working cash allowance, which are to be updated to reflect impacts from updated volume forecasts, updated gas supply plan impacts, and updated operation and maintenance cost forecasts for select items. As such, the updated 2015 forecast rate base components would not be impacted by the 2014 actual rate base results.

Actual data and results from 2014, including data and results related to rate base, will be filed with the Board and subject to review in the context of the Company's 2014 Earnings Sharing Application. It will also be communicated to all stakeholders and discussed as part of the annual stakeholder day that Enbridge will hold later this spring, in accordance with commitments made in the EB-2012-0459 Decision.

Witness: R. Small

CME INTERROGATORY #6

INTERROGATORY

Reference: Exhibit B1, Tab 1, Schedule 2

The CIS Rate Base Placeholder amounts of \$127.1 M in line 1 and a credit amount of \$82.0 M in line 2 of Column 2 are unchanged for the purposes of 2015 rate-setting. Yet, as described in Exhibit D1, Tab 3, Schedule 1 at page 3, the 2015 CIS and Customer Care Operating Costs are lower than the placeholder amount. Please provide the following additional information:

- (a) What were the actual amounts for each of these line items in 2014 compared to the 2014 Board approved amounts?
- (b) To what extent have 2014 actuals been considered by EGD when determining the absence of any adjustments in the Rate Base amounts at lines 1 and 2 of Column 7 of Exhibit B1, Tab 1, Schedule 2?

RESPONSE

a - b) 2014 actual CIS rate base results are not relevant and were not considered in the determination of the Company's 2015 CIS rate base for rate setting purposes. The 2015 CIS rate base amount used within this application, which is equivalent to the 2015 CIS rate base amount included within the EB-2012-0459 placeholder, is the 2015 CIS rate base amount supporting the EB-2011-0226 Board Approved Settlement Agreement, which established the methodology for determining the Customer Care and CIS costs to be recovered between 2013 and 2018.

As specified within the EB-2011-0226 Settlement Agreement, the total Customer Care and CIS costs to be collected in revenue requirement (allowed revenues), in each of 2013 through 2018, is to be determined annually by multiplying the forecast number of customers for that year by the smoothed revenue requirement unit rate per customer for that year. The forecast number of customers is to be updated annually as part of the annual rate setting process. Following this methodology, 2015 Customer Care and CIS costs included within allowed revenues, of \$118.0 million, was determined by multiplying the updated 2015 forecast number of customers included within this proceeding, of 2,112,148 (versus 2,124,101 in the EB-2012-0459 placeholder), by the 2015 smoothed revenue requirement unit rate per customer of \$55.88. The updated customer

Witness: R. Small

forecast results in a \$0.7 million reduction in allowed revenues in comparison to \$118.7 million included within 2015 placeholder allowed revenues, established within EB-2012-0459. The \$0.7 million reduction in allowed revenues has been shown as a reduction in operation and maintenance costs, as they are likely to be impacted by changes in customer numbers, whereas rate base and the associated impacts are not impacted by customer numbers.

The 2015 smoothed revenue requirement unit rate per customer, the updated 2015 customer forecast, and the 2015 Customer Care and CIS costs included within allowed revenues are shown in the Updated CIS/CC Template for 2015, Exhibit D1, Tab 3, Schedule 3, Column J, Rows 24, 25, and 27. The corresponding 2015 placeholder values were included within Exhibit D1, Tab 10, Schedule 3, Column J, Rows 24, 25, and 27 in EB-2012-0459.

The process of updating 2015 Customer Care and CIS costs is described in greater detail in Exhibit D1, Tab 3, Schedule 1.

As indicated in other interrogatory responses, 2014 actual results will be filed with the Board and subject to review in the context of the Company's 2014 Earnings Sharing Application.

ENERGY PROBE INTERROGATORY #1

INTERROGATORY

Ref: Exhibit B1, Tab 1, Schedule 1

What would be the impact on gas in storage if the QRAM price was updated to reflect the January 1, 2015 price?

RESPONSE

The impacts on gas costs, gas in storage, related carrying costs, and the Company's revenue requirement, resulting from quarterly PGVA reference price changes, are addressed through the Quarterly Rate Adjustment Mechanism (QRAM) process. The impact of the January 1, 2015 PGVA reference price adjustment, in comparison to the adjusted October 1, 2014 PGVA reference price utilized within this application, has been examined within the EB-2014-0348 QRAM proceeding. As was shown in Exhibit Q1-3, Tab 2, Schedule 2, Line 2, within EB-2014-0348, the forecast annualized impact on gas in storage of updating the adjusted October 1, 2014 PGVA reference price of \$204.293 per 10^3m^3 , to the January 1, 2015 PGVA reference price of \$221.530 per 10^3m^3 , was an increase to gas in storage of \$27.6 million.

Witness: R. Small

ENERGY PROBE INTERROGATORY #2

INTERROGATORY

Ref: Exhibit B1, Tab 1, Schedule 3

- a) Other than the gas in storage and working cash allowance columns, have any of the other figures been updated in the table on page 1 as compared to that approved in EB-2012-0459?
- b) Please provide a table similar to that on page 2 that shows the derivation of the \$11.1 million working cash allowance shown as the EB-2012-0459 place holder.

RESPONSE

- a) No, only the gas in storage and working cash allowance components of rate base have been updated, as compared to the 2015 placeholder amount approved in EB-2012-0459. The gas in storage and working cash allowance updates are discussed in Exhibit B1, Tab1, Schedule 1. The updating of the gas in storage and working cash allowance components of rate base is in accordance with the Annual Update Elements detailed within Appendix E of the EB-2012-0459 Decision and Rate Order, dated August 22, 2014, which is also reproduced at Exhibit A1, Tab 3, Schedule 1, Appendix A. All other rate base components were set and approved within EB-2012-0459.
- b) The calculation of the 2015 placeholder working cash allowance was included within the EB 2012-0459 Decision and Rate Order, dated August 22, 2014, at Appendix A, page 12 of 40, and is reproduced in the following attachment.

Witness: R. Small

WORKING CAPITAL COMPONENTS - WORKING CASH ALLOWANCE
2015 FISCAL YEAR

Line No.	Col. 1 Reference	Col. 2 Disburse- ments (\$Millions)	Col. 3 Net Lag-Days (Days)	Col. 4 Allowance (\$Millions)
1.	Gas purchase and storage and transportation charges	1,621.1	2.7	12.0
2.	Items not subject to working cash allowance (Note 1)	<u>(14.3)</u>		
3.	Gas costs charged to operations App A.S3.P5.Col.3.L8	<u>1,606.8</u>		
4.	Operation and Maintenance App A.S3.P5.Col.3.L9	330.8		
5.	Less: Storage costs	<u>(8.0)</u>		
6.	Operation and maintenance costs subject to working cash	322.8		
7.	Ancillary customer services	<u>-</u>		
8.		<u>322.8</u>	(11.1)	<u>(9.8)</u>
9.	Sub-total			<u>2.2</u>
10.	Storage costs	8.0	60.4	1.3
11.	Storage municipal and capital taxes	1.3	23.1	<u>0.1</u>
12.	Sub-total			<u>1.4</u>
13.	Harmonized sales tax			7.5
14.	Total working cash allowance			<u>11.1</u>

Note 1: Represents non cash items such as amortization of deferred charges, accounting adjustments and the T-service capacity credit.