Enbridge 2014 ESM & Deferral & Variance Accounts
Board Staff Interrogatories
EB-2015-0122

BOARD STAFF INTERROGATORIES

2014 Unabsorbed Demand Charges Deferral Account and 2014 Design Day Criteria Transportation Deferral Account

1. Ref: ExC1/T1/S2/ page 3 of 6 / para 8

At para 8 the evidence speaks to the establishment in 2014 of two deferral accounts: the 2014 UDCDA and the 2014 DDCTDA.

> "In early November 2013, the Company reached a Settlement Agreement with parties to include in the 2014 DDCTDA the cost consequences of unutilized transportation costs associated with the change in the Peak Gas Design Day Criteria approved by the Board in EB-2011-0354, which was to be phased in equally over the 2013 and 2014 fiscal years and to the establishment of the 2014 UDCDA to capture the cost consequences of unutilized capacity in excess of the amounts recorded in the 2014 DDCTDA."

a) Please explain how Enbridge differentiates between the UDC that was attributable to the Peak Gas Design Day criteria, and the UDC that was "to capture the cost consequences of unutilized capacity in excess of the amounts recorded in the 2014 DDCTDA"?

b) Please describe what actions the Company undertook in 2014 to lessen the impact of UDC costs as it executed its gas supply plan. Please quantify the UDC costs that were mitigated.

2. Ref: ExC1/T1/S2/ page 5 of 6 / para 13

At para 13 the evidence speaks to the amounts in the 2014 UDCDA and the 2014 DDCTDA, and how revenue was generated.

> "For the months of July to October the Company released capacity that it did not otherwise need through a combination of monthly and daily releases. As the attached report illustrates, the Company experienced 20.1 PJ's of unutilized capacity which it was 100% successful in releasing to third parties. The cost of this capacity was $31.7 million and the Company was able to generate $5.3 million in revenue. The result is that there is a net UDC cost of $26.4 million to be recovered from customers - $12.9 million in the 2014 DDCTDA and $13.6 million in the 2014 UDCDA."

a) Given that the revenue generated was $5.3 million while the costs of the unutilized capacity was $31.7 million, is it fair to conclude that the secondary market values such capacity at 5.3/31.7 = 16.7% or about 17 cents on the dollar? Would this be valid as a rule of thumb for mitigation of UDC costs?

b) Is there any available market data that would provide a benchmark of the fair value set by the secondary markets in gas transportation for the period in which Enbridge posted amounts in the deferral accounts?

Unaccounted For Gas Variance Account

3. Ref: ExC1/T2/S1/Table 1

Table 3 shows that the 2014 UAF volume is at the greatest amount (now at a 23 year high). Enbridge says that UAF is at 1.08% of sendout volume.

a) Does Enbridge have any information to show how it compares to other gas distributors on UAF? If so, please file it.

Customer Care CIS Rate Smoothing Deferral Account

4. Ref: ExC1/T1/S10/

The Company wishes to clear the interest amounts accumulated in the account now, but not the principal amounts.

a) What is the reason for the request for interest clearance now as opposed to waiting until the remainder of the balance is due for clearance?

Clearance of DDCTDA & UDCDA

5. Ref: ExC/T2/S1/ para 10

The Company wishes to clear the balance of both the 2014 DDCTDA and 2014 UDCDA accounts based on the deliverability allocator.

> "The UDC costs that comprise the balance of the UDCDA and DDCTDA represent the unutilized portion of the long haul FT capacity that the Company acquired for load balancing purposes. To represent cost causality, the Company proposes to clear the balance of both accounts to all bundled customers (system gas and direct purchase customers) based on the deliverability allocator under the Board approved cost allocation and rate design methodology."

a) Has Enbridge cleared similar types of balances in the past? (for example, peaking services costs). If so, what clearance methodology was used for these accounts? Please provide examples of the relevant cases where the OEB accepted clearances of similar cost type using a similar methodology.