

REVENUE (DEFICIENCY) / SUFFICIENCY SUMMARY

1. This evidence, including Table 1 on the following page, presents a summary of Enbridge's deficiency for the 2015 Board Approved (EB-2014-0276) results, the 2016 placeholder (EB-2012-0459) results, and the 2016 Updated Forecast results calculated within this proceeding.
2. The deficiency calculation is completed using the information set out in evidence within this proceeding. The revenue at existing rates is explained within the C-series of exhibits. The components of Allowed Revenue are explained within the D-series of exhibits (operating costs and income taxes), and within the B and E series of exhibits (cost of capital, including updated rate base).
3. The deficiency amount calculated for the 2016 Updated Forecast represents the annual increase in rates that is required relative to existing July 1, 2015 Board Approved rates. Conversely, the deficiency calculated for the EB-2012-0459, 2016 placeholder was determined on a cumulative basis in comparison to April 1, 2013 Board Approved rates, and therefore is not reflective of the final rates which were approved by the Board for 2014 and 2015.
4. A summary of the components of Enbridge's allowed revenues and corresponding revenue deficiency for the 2015 Board Approved results, the 2016 placeholder results, and the 2016 Updated Forecast results is shown in Table 1 on the following page.
5. Exhibit F1, Tabs 2 to 4 provide details of the 2016 Updated Forecast deficiency calculation, as well as utility income and utility rate base (both of which support the calculations made within Exhibit F1, Tab 2, Schedule 1 as well as certain of the E series of exhibits).

TABLE 1
UTILITY REVENUE (DEFICIENCY) / SUFFICIENCY (INCLUDING CIS & CUSTOMER CARE)

Line No.		Col. 1	Col. 2	Col. 3
		EB-2014-0276 Board Approved 2015 (\$Millions)	EB-2012-0459 Placeholder 2016 (\$Millions)	Updated Forecast 2016 (\$Millions)
1.	Revenue at existing rates	(1) 2,728.2	2,683.4	2,811.3
2.	Allowed revenue:			
3.	Other operating revenue	(2) (42.8)	(42.8)	(42.8)
4.	Operating costs	(3) 2,433.3	2,399.9	2,567.3
5.	Cost of capital	(4) 323.4	398.6	370.3
6.	Income taxes	(5) 15.4	(2.5)	(3.8)
7.	Taxes on deficiency	(6) -	20.6	27.5
8.	Customer care smoothing adjustment	(7) (1.1)	0.8	0.8
9.	Total allowed revenue	2,728.2	2,774.6	2,919.3
10.	Revenue deficiency	(8) -	(91.2)	(108.0)

Notes:

- (1) 2015 Board Approved revenue includes a \$42.4 million gross deficiency.
- (2) Provided at Exhibit C1, Tab 1, Schedule 1, Table 1, Lines 4 & 5.
- (3) Provided at Exhibit D1, Tab 1, Schedule 1, Table 1, Line 6.
- (4) 2016 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 3.
- (5) 2016 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 16.
- (6) 2016 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 19.
- (7) 2016 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 21.
- (8) 2016 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 28.

Witness: R. Small

ALLOWED REVENUE AND SUFFICIENCY/(DEFICIENCY)
2016 UPDATED FORECAST

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
	EB-2012-0459 Excl. CIS 2016 Allowed Revenue Placeholder (\$Millions)	EB-2012-0459 CIS 2016 Allowed Revenue Placeholder (\$Millions)	EB-2012-0459 2016 Total Allowed Revenue Placeholder (\$Millions)	2016 CIR Updates Excl. CIS (\$Millions)	2016 CIR Updates for CIS (\$Millions)	2016 Updated Forecast Allowed Revenue Excl. CIS (\$Millions)	2016 Approved CIS Allowed Revenue (\$Millions)	2016 Total Updated Forecast Allowed Revenue (\$Millions)
Cost of capital								
1. Rate base	5,663.6	32.4	5,696.0	116.3	-	5,779.9	32.4	5,812.3
2. Required rate of return	7.00	6.44	7.00	(0.63)	-	6.37	6.44	6.37
3.	396.5	2.1	398.6	(28.3)	-	368.2	2.1	370.3
Cost of service								
4. Gas costs	1,632.5	-	1,632.5	134.8	-	1,767.3	-	1,767.3
5. Operation and maintenance	330.7	100.4	431.1	33.7	(1.1)	364.4	99.3	463.7
6. Depreciation and amortization	276.2	12.7	288.9	-	-	276.2	12.7	288.9
7. Fixed financing costs	1.9	-	1.9	-	-	1.9	-	1.9
8. Municipal and other taxes	45.5	-	45.5	-	-	45.5	-	45.5
9.	2,286.8	113.1	2,399.9	168.5	(1.1)	2,455.3	112.0	2,567.3
Miscellaneous operating and non-operating revenue								
10. Other operating revenue	(42.7)	-	(42.7)	-	-	(42.7)	-	(42.7)
11. Interest and property rental	-	-	-	-	-	-	-	-
12. Other income	(0.1)	-	(0.1)	-	-	(0.1)	-	(0.1)
13.	(42.8)	-	(42.8)	-	-	(42.8)	-	(42.8)
Income taxes on earnings								
14. Excluding tax shield	39.2	7.9	47.1	(3.9)	-	35.3	7.9	43.2
15. Tax shield provided by interest expense	(49.2)	(0.4)	(49.6)	2.6	-	(46.6)	(0.4)	(47.0)
16.	(10.0)	7.5	(2.5)	(1.3)	-	(11.3)	7.5	(3.8)
Taxes on sufficiency / (deficiency)								
17. Gross sufficiency / (deficiency)	(77.9)	-	(77.9)	(25.8)	-	(103.7)	-	(103.7)
18. Net sufficiency / (deficiency)	(57.3)	-	(57.3)	(18.9)	-	(76.2)	-	(76.2)
19.	20.6	-	20.6	6.9	-	27.5	-	27.5
20. Sub-total revenue requirement	2,651.1	122.7	2,773.8	145.8	(1.1)	2,796.9	121.6	2,918.5
21. Customer Care Rate Smoothing V/A Adjustment	-	0.8	0.8	-	-	-	0.8	0.8
22. Allowed revenue	2,651.1	123.5	2,774.6	145.8	(1.1)	2,796.9	122.4	2,919.3
Revenue at existing Rates								
23. Gas sales	2,372.7	91.8	2,464.5	73.8	11.7	2,446.5	103.5	2,550.0
24. Transportation service	198.7	18.4	217.1	46.0	(3.8)	244.7	14.6	259.3
25. Transmission, compression and storage	1.8	-	1.8	0.1	-	1.9	-	1.9
26. Rounding adjustment	-	-	-	0.1	-	0.1	-	0.1
27. Revenue at existing rates	2,573.2	110.2	2,683.4	120.0	7.9	2,693.2	118.1	2,811.3
28. Gross revenue sufficiency / (deficiency)	(77.9)	(13.3)	(91.2)	(25.8)	9.0	(103.7)	(4.3)	(108.0)

Witness: R. Small

UTILITY INCOME
2016 UPDATED FORECAST

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
	EB-2012-0459 Excl. CIS 2016 Utility Income Placeholder (\$Millions)	EB-2012-0459 CIS 2016 Utility Income Placeholder (\$Millions)	EB-2012-0459 2016 Total Utility Income Placeholder (\$Millions)	2016 CIR Updates Excl. CIS (\$Millions)	2016 CIR Updates for CIS (\$Millions)	2016 Updated Forecast Utility Income Excl. CIS (\$Millions)	2016 Approved CIS Utility Income (\$Millions)	2016 Total Updated Forecast Utility Income (\$Millions)
1. Gas sales	2,372.7	91.8	2,464.5	73.8	11.7	2,446.5	103.5	2,550.0
2. Transportation of gas	198.7	18.4	217.1	46.0	(3.8)	244.7	14.6	259.3
3. Transmission, compression and storage revenue	1.8	-	1.8	0.1	-	1.9	-	1.9
4. Other operating revenue	42.7	-	42.7	-	-	42.7	-	42.7
5. Interest and property rental	-	-	-	-	-	-	-	-
6. Other income	0.1	-	0.1	-	-	0.1	-	0.1
7. Total operating revenue	2,616.0	110.2	2,726.2	119.9	7.9	2,735.9	118.1	2,854.0
8. Gas costs	1,632.5	-	1,632.5	134.8	-	1,767.3	-	1,767.3
9. Operation and maintenance	330.7	100.4	431.1	33.7	(1.1)	364.4	99.3	463.7
10. Depreciation and amortization expense	276.2	12.7	288.9	-	-	276.2	12.7	288.9
11. Fixed financing costs	1.9	-	1.9	-	-	1.9	-	1.9
12. Municipal and other taxes	45.5	-	45.5	-	-	45.5	-	45.5
13. Interest and financing amortization expense	-	-	-	-	-	-	-	-
14. Other interest expense	-	-	-	-	-	-	-	-
15. Total costs and expenses	2,286.8	113.1	2,399.9	168.5	(1.1)	2,455.3	112.0	2,567.3
16. Ontario utility income before income taxes	329.2	(2.9)	326.3	(48.6)	9.0	280.6	6.1	286.7
17. Income tax expense	(10.0)	7.5	(2.5)	(1.3)	-	(11.3)	7.5	(3.8)
18. Utility net income	339.2	(10.4)	328.8	(47.3)	9.0	291.9	(1.4)	290.5

Witness: R. Small

UTILITY RATE BASE
2016 UPDATED FORECAST

Line No.	Col. 1 EB-2012-0459 Excl. CIS 2016 Utility Rate Base Placeholder (\$Millions)	Col. 2 EB-2012-0459 CIS 2016 Utility Rate Base Placeholder (\$Millions)	Col. 3 EB-2012-0459 2016 Total Rate Base Placeholder (\$Millions)	Col. 4 2016 CIR Updates Excl. CIS (\$Millions)	Col. 5 2016 CIR Updates for CIS (\$Millions)	Col. 6 2016 Updated Forecast Rate Base Excl. CIS (\$Millions)	Col. 7 2016 Approved CIS Rate Base (\$Millions)	Col. 8 2016 Total Updated Forecast Rate Base (\$Millions)
1. Cost or redetermined value	8,427.5	127.1	8,554.6	-	-	8,427.5	127.1	8,554.6
2. Accumulated depreciation	(3,011.1)	(94.7)	(3,105.8)	-	-	(3,011.1)	(94.7)	(3,105.8)
3.	5,416.4	32.4	5,448.8	-	-	5,416.4	32.4	5,448.8
<u>Allowance for Working Capital</u>								
4. Accounts receivable billable projects	1.4	-	1.4	-	-	1.4	-	1.4
5. Materials and supplies	34.6	-	34.6	-	-	34.6	-	34.6
6. Mortgages receivable	-	-	-	-	-	-	-	-
7. Customer security deposits	(64.6)	-	(64.6)	-	-	(64.6)	-	(64.6)
8. Prepaid expenses	1.0	-	1.0	-	-	1.0	-	1.0
9. Gas in storage	276.3	-	276.3	114.8	-	391.1	-	391.1
10. Working cash allowance	(1.5)	-	(1.5)	1.5	-	-	-	-
11. Total Working Capital	247.2	-	247.2	116.3	-	363.5	-	363.5
12. Utility Rate Base	5,663.6	32.4	5,696.0	116.3	-	5,779.9	32.4	5,812.3

Witness: R. Small