

ECONALYSIS CONSULTING SERVICES

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June 30, 2017

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0102 – Enbridge Gas Distribution (EGD)
2016 Disposition of Deferral Account Balances and 2016 Utility Earnings
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the Notice of Intervention of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner

Consultant for VECC

Email copy:
Mr. Andrew Mandyam
EGDRegulatoryProceedings@enbridge.com

REQUESTOR NAME	VECC
TO:	Enbridge Gas Distribution (“EGD”)
DATE:	June 30, 2017
CASE NO:	EB-2017-0102
APPLICATION NAME	2016 DVA and Earning Sharing

1.0-VECC-1

Reference: Exhibit B/Tab1/Schedule 2/pg. 1 & Enbridge Inc. 2016 Annual Report

The following table has been extracted from the 2016 Enbridge Inc. 2016 Annual Report (pg. 65)

	2016	2015	2014
<i>(millions of Canadian dollars)</i>			
Adjusted earnings before interest and income taxes	393	342	305
Interest expense	(178)	(153)	(150)
Income taxes	(14)	(18)	(10)
Adjusting items in respect of:			
Interest expense	3	4	–
Income taxes	(3)	5	13
Adjusted earnings	201	180	158
EGD – (warmer)/colder than normal weather	(13)	11	36
EGD – employee severance cost adjustment	7	4	–
EGD – changes in unrealized derivative fair value loss	(2)	(3)	–
Earnings attributable to common shareholders	193	192	194

- a) Please reconcile the 2016 annual financial reporting of Enbridge Inc. with the summary at Exhibit B. Specifically please explain:
 - I. the difference in the Utility Income before taxes (\$393 vs \$394.6);
 - II. the difference in income taxes (\$14 vs \$17.3); and,
 - III. the reason for a \$3 million income tax adjustment as reported by Enbridge Inc.
- b) Do the 2016 OM&A costs reported in this application include an amount of \$7million for employee severance costs? If not please provide the amount of those costs in 2016.

1.0-VECC-2

Reference: Exhibit B/Tab 1Schedule 3/pg.1

The following statement is made at page 128 of Enbridge Inc.’s 2016 Annual Report: *EGD’s after-tax rate of return on common equity embedded in rates*

was 9.2% for the year ended December 31, 2016 (2015 – 9.3%) based on a 36% (2015 – 36%) deemed common equity component of capital for regulatory purposes.

- a) Please reconcile the 9.2% reported above for EGD with the 9.42% reported in Schedule 3.

1.0-VECC-3

Reference: Exhibit D, Tab 2, Schedule 1, page 5, Table 3

- a) Please explain provide the FTE redundancies (reductions) for each of the years 2014, 2015 and 2016.
- b) Please also provide the total severance costs in each year.

1.0 – VECC - 4

Reference: Exhibit B, TAB 4, Schedule 2, page 2

- a) Please confirm that “STIP” is short term incentive plan. If not please provide an explanation of the acronym.
- b) Please explain why STIP has increased in 2016 and from what level in 2014 and 2015.

1.0-VECC-5

Reference: Exhibit C, Tab 1, Schedule 4, page 1

- a) EGD explains that the main source of UAF is meter uncertainty. Is there a known relationship between weather (i.e. temperature) and meter reliability?
- b) Are there any metering (or other) technologies available which would allow a utility to more precisely identify meter measurement errors?
- c) Does EGD do detailed and more frequent testing (as compared to residential meters) of larger transfer meters (e.g. custody transfer and large volume consumer meters)?

End of document (3/3)