

RATE BASE EVIDENCE AND SUMMARIES

1. This evidence deals with information with respect to Enbridge Gas Distribution's utility rate base for ratemaking purposes and the levels of gross plant, accumulated depreciation, and working capital elements within that rate base.
2. The following table is a summary showing the values on an average of monthly averages basis for each of these rate base components, for the 2017 Board Approved rate base (EB-2016-0215), the 2018 rate base placeholder (EB-2012-0459), and the 2018 Updated Forecast rate base presented within this proceeding.

TABLE 1
 UTILITY RATE BASE (INCLUDING CIS & CUSTOMER CARE)
YEAR TO YEAR SUMMARY

| Line No. | Col. 1 | Col. 2 | Col. 3 | |
|---------------------------------------|---|--|---|-----------|
| | EB-2016-0215 2017 Total Approved Rate Base (\$Millions) | EB-2012-0459 2018 Total Rate Base Placeholder (\$Millions) | 2018 Total Updated Forecast Utility Rate Base (\$Millions) | |
| <u>Property, Plant, and Equipment</u> | | | | |
| 1. | Cost or redetermined value | 8,913.7 | 9,274.9 | 9,269.3 |
| 2. | Accumulated depreciation | (3,217.8) | (3,369.4) | (3,369.4) |
| 3. | Net property, plant, and equipment | 5,695.9 | 5,905.5 | 5,899.9 |
| <u>Allowance for Working Capital</u> | | | | |
| 4. | Accounts receivable rebillable projects | 1.4 | 1.4 | 1.4 |
| 5. | Materials and supplies | 34.6 | 34.6 | 34.6 |
| 6. | Mortgages receivable | - | - | - |
| 7. | Customer security deposits | (64.6) | (64.6) | (64.6) |
| 8. | Prepaid expenses | 1.0 | 1.0 | 1.0 |
| 9. | Gas in storage | 356.6 | 276.3 | 370.9 |
| 10. | Working cash allowance | (0.8) | (1.6) | 2.9 |
| 11. | Total Working Capital | 328.2 | 247.1 | 346.2 |
| 12. | Utility Rate Base | 6,024.1 | 6,152.6 | 6,246.1 |

Witness: R. Small

3. Within EB-2012-0459, the Board approved forecasts of the net property, plant, and equipment component, and most working capital components of rate base for the purpose of setting Allowed Revenue amounts and rates in each of 2014 through 2018. However, as identified in Appendix E of the EB-2012-0459 Decision and Rate Order, dated August 22, 2014, the forecast gas in storage and working cash allowance components of working capital, for each of 2015 through 2018, are subject to update in the respective rate adjustment applications for each of those years. In addition to the adjustments contemplated within Appendix E of the EB-2012-0459 Decision and Rate Order, the 2018 updated forecast rate base components have been adjusted in accordance with the Board approved 2016 Rate Adjustment proceeding, EB-2015-0114, Settlement Agreement. The EB-2015-0114 Settlement Agreement required an allocation of base pressure gas and Lost and Unaccounted for gas (“LUF”) to Unregulated Storage operations, as a result of the adoption of fully allocated costing for those items. In accordance with the EB-2012-0459 Decision and Rate Order, and the EB-2015-0114 Settlement Agreement, and as seen in Exhibit B1, Tab 1, Schedule 2, the cost or redetermined value of property, plant, and equipment, the gas in storage, and the working cash allowance components of the 2018 Updated Forecast rate base have been updated, as compared to the 2018 placeholder rate base values.
4. The 2018 forecast cost or redetermined value of property, plant, and equipment has been updated to reflect an allocation of base pressure gas to Unregulated Storage operations, as was determined in the EB-2015-0114 Settlement Agreement. The update results in a \$5.6 million decrease to the base pressure gas element within the cost or redetermined value of property, plant, and equipment.

Witness: R. Small

5. The 2018 forecast gas in storage value has been updated to reflect changes resulting from the 2018 volumes re-forecast (inclusive of the allocation of LUF to Unregulated Storage), and re-determined 2018 gas supply plan. The updated gas in storage value also reflects July 1, 2017 QRAM prices, whereas the 2018 placeholder gas in storage value reflected April 1, 2013 QRAM prices. These updates have resulted in an increase to gas in storage of \$94.6 million.

6. The 2018 forecast working cash allowance has been updated, as compared to the 2018 placeholder working cash allowance, to reflect impacts resulting from the 2018 volumes re-forecast (inclusive of the allocation of LUF to Unregulated Storage), the re-determined 2018 gas supply plan, gas purchase and storage and transportation costs valued at July 1, 2017 QRAM prices versus April 1, 2013 QRAM prices, and 2018 operation and maintenance cost updates. The net impact is a \$4.5 million increase to the 2018 forecast working cash allowance. Details of the 2018 updated working capital components average of monthly averages values are shown in Exhibit B1, Tab 1, Schedule 3.

UTILITY RATE BASE
2018 UPDATED FORECAST

| Line No. | Col. 1 EB-2012-0459 Excl. CIS 2018 Utility Rate Base Placeholder (\$Millions) | Col. 2 EB-2012-0459 CIS 2018 Utility Rate Base Placeholder (\$Millions) | Col. 3 EB-2012-0459 2018 Total Rate Base Placeholder (\$Millions) | Col. 4 2018 CIR Updates Excl. CIS (\$Millions) | Col. 5 2018 CIR Updates for CIS (\$Millions) | Col. 6 2018 Updated Utility Rate Base Excl. CIS (\$Millions) | Col. 7 2018 Utility CIS Rate Base (\$Millions) | Col. 8 2018 Total Updated Forecast Utility Rate Base (\$Millions) | |
|---------------------------------------|---|---|--|---|---|--|---|---|-----------|
| <u>Property, Plant, and Equipment</u> | | | | | | | | | |
| 1. | Cost or redetermined value | 9,147.8 | 127.1 | 9,274.9 | (5.6) | - | 9,142.2 | 127.1 | 9,269.3 |
| 2. | Accumulated depreciation | (3,249.3) | (120.1) | (3,369.4) | - | - | (3,249.3) | (120.1) | (3,369.4) |
| 3. | Net property, plant, and equipment | 5,898.5 | 7.0 | 5,905.5 | (5.6) | - | 5,892.9 | 7.0 | 5,899.9 |
| <u>Allowance for Working Capital</u> | | | | | | | | | |
| 4. | Accounts receivable rebillable 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 | 94.6 | - | 370.9 | - | 370.9 |
| 10. | Working cash allowance | (1.6) | - | (1.6) | 4.5 | - | 2.9 | - | 2.9 |
| 11. | Total Working Capital | 247.1 | - | 247.1 | 99.1 | - | 346.2 | - | 346.2 |
| 12. | Utility Rate Base | 6,145.6 | 7.0 | 6,152.6 | 93.5 | - | 6,239.1 | 7.0 | 6,246.1 |

Witness: R. Small

WORKING CAPITAL COMPONENTS
MONTH END BALANCES AND AVERAGE OF MONTHLY AVERAGES
2018 UPDATED FORECAST

| | Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | |
|----------|-----------------------|-----------------------------------|----------------------|----------------------------|------------------|----------------|------------------------|--------------|-------|
| Line No. | Account | Receivable Materials and Supplies | Mortgages Receivable | Customer Security Deposits | Prepaid Expenses | Gas in Storage | Working Cash Allowance | Total | |
| | | (\$Millions) | (\$Millions) | (\$Millions) | (\$Millions) | (\$Millions) | (\$Millions) | (\$Millions) | |
| 1. | January 1 | 1.4 | 34.1 | - | (65.6) | 0.6 | 513.6 | 2.9 | 487.0 |
| 2. | January 31 | 1.4 | 34.2 | - | (65.1) | 0.7 | 389.6 | 2.9 | 363.7 |
| 3. | February | 1.4 | 34.3 | - | (64.3) | 0.4 | 277.6 | 2.9 | 252.3 |
| 4. | March | 1.4 | 34.4 | - | (64.3) | 0.5 | 139.1 | 2.9 | 114.0 |
| 5. | April | 1.4 | 34.5 | - | (64.2) | 1.0 | 109.3 | 2.9 | 84.9 |
| 6. | May | 1.4 | 34.5 | - | (64.2) | 0.9 | 178.6 | 2.9 | 154.1 |
| 7. | June | 1.4 | 34.6 | - | (64.1) | 0.9 | 270.6 | 2.9 | 246.3 |
| 8. | July | 1.3 | 34.7 | - | (64.1) | 0.8 | 372.3 | 2.9 | 347.9 |
| 9. | August | 1.3 | 34.8 | - | (64.1) | 2.2 | 475.6 | 2.9 | 452.7 |
| 10. | September | 1.3 | 34.9 | - | (64.8) | 1.7 | 570.5 | 2.9 | 546.5 |
| 11. | October | 1.3 | 34.9 | - | (65.2) | 1.1 | 603.6 | 2.9 | 578.6 |
| 12. | November | 1.3 | 35.0 | - | (65.9) | 0.7 | 560.1 | 2.9 | 534.1 |
| 13. | December | 1.3 | 35.1 | - | (65.1) | 0.6 | 494.1 | 2.9 | 468.9 |
| 14. | Avg. of monthly avgs. | 1.4 | 34.6 | - | (64.6) | 1.0 | 370.9 | 2.9 | 346.2 |

Witness: R. Small

WORKING CAPITAL COMPONENTS - WORKING CASH ALLOWANCE
2018 UPDATED FORECAST

| Line No. | Col. 1 | Col. 2 | Col. 3 |
|---|-------------------------------|---------------------------|---------------------------|
| | Disbursements (\$Millions) | Net Lag-Days (Days) | Allowance (\$Millions) |
| 1. Gas purchase and storage and transportation charges | 1,747.7 | 2.0 | 9.6 |
| 2. Items not subject to working cash allowance (Note 1) | <u>7.2</u> | | |
| 3. Gas costs charged to operations | <u>1,754.9</u> | | |
| 4. Operation and Maintenance | 361.6 | | |
| 5. Less: Storage costs | <u>(8.4)</u> | | |
| 6. Operation and maintenance costs subject to working cash | 353.2 | | |
| 7. Ancillary customer services | <u>-</u> | | |
| 8. | <u>353.2</u> | (10.9) | <u>(10.5)</u> |
| 9. Sub-total | | | <u>(0.9)</u> |
| 10. Storage costs | 8.4 | 58.4 | 1.3 |
| 11. Storage municipal and capital taxes | 1.4 | 22.9 | <u>0.1</u> |
| 12. Sub-total | | | <u>1.4</u> |
| 13. Harmonized Sales Tax | | | <u>2.4</u> |
| 14. Total working cash allowance | | | <u>2.9</u> |

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

Witness: R. Small