

REVENUE (DEFICIENCY) / SUFFICIENCY SUMMARY

1. This evidence, including Table 1 below, presents a summary of Enbridge Gas Distribution Inc.'s ("Enbridge") delivery related deficiency for the 2017 Board Approved (EB-2016-0215) results, the 2018 placeholder (EB-2012-0459) results, and the 2018 Updated Forecast results calculated within this proceeding
2. The evidence does not include the impact of the Ontario Government's implementation of the Climate Change Act and Cap and Trade Regulation. The impacts of the Cap and Trade program will be addressed in Enbridge's 2018 Compliance Plan, expected to be filed in September or October 2017.
3. 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).
4. The deficiency amount calculated for the 2018 Updated Forecast represents the annual increase in rates that is required relative to existing July 1, 2017 Board Approved rates. Conversely, the deficiency calculated for the EB-2012-0459, 2018 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 each of 2014, 2015, 2016, and 2017.

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5. A summary of the components of Enbridge's allowed revenues and corresponding revenue deficiency for the 2017 Board Approved results, the 2018 placeholder results, and the 2018 Updated Forecast results is shown in Table 1 on the following page.

6. Exhibit F1, Tabs 2 to 4 provide details of the 2018 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-2016-0215 Board Approved 2017 (\$Millions)	EB-2012-0459 Placeholder 2018 (\$Millions)	Updated Forecast 2018 (\$Millions)
1.	Revenue at existing rates	(1) 2,758.9	2,703.3	2,896.2
2.	Allowed revenue:			
3.	Other operating revenue	(2) (42.8)	(42.8)	(42.8)
4.	Operating costs	(3) 2,410.5	2,433.1	2,580.2
5.	Cost of capital	(4) 374.0	438.1	384.1
6.	Income taxes	(5) 14.4	13.7	34.2
7.	Taxes on deficiency	(6) -	43.4	21.6
8.	Customer care smoothing adjustment	(7) 2.8	5.0	4.9
9.	Total allowed revenue	2,758.9	2,890.5	2,982.2
10.	Revenue deficiency	(8) -	(187.2)	(86.0)

Notes:

- (1) 2017 Board Approved revenue includes a \$33.6 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) 2018 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 3.
- (5) 2018 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 16.
- (6) 2018 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 19.
- (7) 2018 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 21.
- (8) 2018 amounts provided at Exhibit F1, Tab 2, Schedule 1, Page 1, Columns 3 & 8, Line 28.

Witness: R. Small

ALLOWED REVENUE AND SUFFICIENCY/(DEFICIENCY)
2018 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 2018 Allowed Revenue Placeholder (\$Millions)	EB-2012-0459 CIS 2018 Allowed Revenue Placeholder (\$Millions)	EB-2012-0459 2018 Total Allowed Revenue Placeholder (\$Millions)	2018 CIR Updates Excl. CIS (\$Millions)	2018 CIR Updates for CIS (\$Millions)	2018 Updated Forecast Allowed Revenue Excl. CIS (\$Millions)	2018 Approved CIS Allowed Revenue (\$Millions)	2018 Total Updated Forecast Allowed Revenue (\$Millions)
Cost of capital								
1. Rate base	6,145.6	7.0	6,152.6	93.5	-	6,239.1	7.0	6,246.1
2. Required rate of return	7.12	6.44	7.12	(0.97)	-	6.15	6.44	6.15
3.	437.6	0.5	438.1	(54.0)	-	383.6	0.5	384.1
Cost of service								
4. Gas costs	1,632.5	-	1,632.5	122.4	-	1,754.9	-	1,754.9
5. Operation and maintenance	334.3	108.5	442.8	27.3	(2.6)	361.6	105.9	467.5
6. Depreciation and amortization	292.8	12.7	305.5	-	-	292.8	12.7	305.5
7. Fixed financing costs	1.9	-	1.9	-	-	1.9	-	1.9
8. Municipal and other taxes	50.4	-	50.4	-	-	50.4	-	50.4
9.	2,311.9	121.2	2,433.1	149.7	(2.6)	2,461.6	118.6	2,580.2
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	61.1	7.2	68.3	14.3	-	75.4	7.2	82.6
15. Tax shield provided by interest expense	(54.5)	(0.1)	(54.6)	6.2	-	(48.3)	(0.1)	(48.4)
16.	6.6	7.1	13.7	20.5	-	27.1	7.1	34.2
Taxes on sufficiency / (deficiency)								
17. Gross sufficiency / (deficiency)	(163.6)	-	(163.6)	82.1	-	(81.5)	-	(81.5)
18. Net sufficiency / (deficiency)	(120.3)	-	(120.3)	60.4	-	(59.9)	-	(59.9)
19.	43.4	-	43.4	(21.8)	-	21.6	-	21.6
20. Sub-total revenue requirement	2,756.7	128.8	2,885.5	94.4	(2.6)	2,851.1	126.2	2,977.3
21. Customer Care Rate Smoothing V/A Adjustment	-	5.0	5.0	-	(0.1)	-	4.9	4.9
22. Allowed revenue	2,756.7	133.8	2,890.5	94.4	(2.7)	2,851.1	131.1	2,982.2
Revenue at existing Rates								
23. Gas sales	2,404.4	91.8	2,496.2	103.8	25.2	2,508.2	117.0	2,625.2
24. Transportation service	186.6	18.4	205.0	55.6	(8.8)	242.2	9.6	251.8
25. Transmission, compression and storage	1.8	-	1.8	17.4	-	19.2	-	19.2
26. Rounding adjustment	0.3	-	0.3	(0.3)	-	-	-	-
27. Revenue at existing rates	2,593.1	110.2	2,703.3	176.5	16.4	2,769.6	126.6	2,896.2
28. Gross revenue sufficiency / (deficiency)	(163.6)	(23.6)	(187.2)	82.1	19.1	(81.5)	(4.5)	(86.0)

Witness: R. Small

UTILITY INCOME
2018 UPDATED FORECAST

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
	EB-2012-0459 Excl. CIS 2018 Utility Income Placeholder (\$Millions)	EB-2012-0459 CIS 2018 Utility Income Placeholder (\$Millions)	EB-2012-0459 2018 Total Utility Income Placeholder (\$Millions)	2018 CIR Updates Excl. CIS (\$Millions)	2018 CIR Updates for CIS (\$Millions)	2018 Updated Forecast Utility Income Excl. CIS (\$Millions)	2018 Approved CIS Utility Income (\$Millions)
1. Gas sales	2,404.4	91.8	2,496.2	103.8	25.2	2,508.2	117.0
2. Transportation of gas	186.6	18.4	205.0	55.6	(8.8)	242.2	9.6
3. Transmission, compression and storage revenue	1.8	-	1.8	17.4	-	19.2	-
4. Other operating revenue	42.7	-	42.7	-	-	42.7	-
5. Interest and property rental	-	-	-	-	-	-	-
6. Other income	0.1	-	0.1	-	-	0.1	-
7. Total operating revenue	2,635.6	110.2	2,745.8	176.8	16.4	2,812.4	126.6
8. Gas costs	1,632.5	-	1,632.5	122.4	-	1,754.9	-
9. Operation and maintenance	334.3	108.5	442.8	27.3	(2.6)	361.6	105.9
10. Depreciation and amortization expense	292.8	12.7	305.5	-	-	292.8	12.7
11. Fixed financing costs	1.9	-	1.9	-	-	1.9	-
12. Municipal and other taxes	50.4	-	50.4	-	-	50.4	-
13. Interest and financing amortization expense	-	-	-	-	-	-	-
14. Other interest expense	-	-	-	-	-	-	-
15. Total costs and expenses	2,311.9	121.2	2,433.1	149.7	(2.6)	2,461.6	118.6
16. Ontario utility income before income taxes	323.7	(11.0)	312.7	27.1	19.0	350.8	8.0
17. Income tax expense	6.6	7.1	13.7	20.5	-	27.1	7.1
18. Utility net income	317.1	(18.1)	299.0	6.6	19.0	323.7	0.9

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Col. 8
2018 Total Updated Forecast Utility Income
<u>(\$Millions)</u>
2,625.2
251.8
19.2
42.7
-
<u>0.1</u>
<u>2,939.0</u>
1,754.9
467.5
305.5
1.9
50.4
-
<u>-</u>
<u>2,580.2</u>
358.8
<u>34.2</u>
<u><u>324.6</u></u>

Witness: R. Small

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 Forecast Rate Base Excl. CIS (\$Millions)	Col. 7 2018 Approved CIS Rate Base (\$Millions)	Col. 8 2018 Total Updated Forecast 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.		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 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	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

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