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May 9, 2018

VIA RESS, EMAIL and COURIER

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
Union Gas Limited ("Union")
EB-2017-0306 MAADs Application
EB-2017-0307 Rate Setting Mechanism Application
Hearing - Undertaking Responses**

Enclosed please find the following undertaking response:

- J1.1 to J1.3;
- J1.5; and
- J2.3

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Bonnie Jean Adams
Regulatory Coordinator

cc: Mr. F. D. Cass, Aird & Berlis LLP (via email)
Mr. M. Kitchen, Union Gas Ltd (via email)
All Interested Parties EB-2017-0306 & EB-2017-0307 (via email)

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Culbert
To Mr. Shepherd

REF: Tr.1, p.77

To provide the final figures for 2018 rate base in the EB-2012-0459 case.

Included as Attachment 1 to this undertaking is Exhibit B1, Tab 1, Schedule 2 from EGD's 2018 Rate Adjustment proceeding, EB-2017-0086. The exhibit shows EGD's 2018 updated forecast 2018 rate base of \$6,246.1 million, approved for establishing 2018 rates as part of that proceeding, as compared to the approved 2018 placeholder rate base of \$6,152.6 million, from EGD's 2014 – 2018 Custom Incentive Regulation application EB-2012-0459.

Within the EB-2017-0086 updated forecast rate base value, the 2018 forecast cost or redetermined value of property, plant, and equipment was updated to reflect an allocation of base pressure gas to Unregulated Storage operations, as was determined in the EB-2015-0114 Settlement Agreement. The 2018 forecast gas in storage value was updated to reflect changes resulting from the 2018 volumes re-forecast and re-determined 2018 gas supply plan. The updated gas in storage value also reflected July 1, 2017 QRAM prices, whereas the 2018 placeholder gas in storage value reflected April 1, 2013 QRAM prices. Finally, the 2018 forecast working cash allowance was also updated to reflect impacts resulting from the 2018 volumes re-forecast, 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.

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

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Culbert
To Ms. Girvan

REF: Tr.1, p.132

To provide the final results for the gross normalized over-earnings are \$47.10 million

EGD's calculation of actual normalized 2017 utility results, that it expects to file as part of its forthcoming ESM and Deferral Clearance application, reflects a gross sufficiency of \$47.1 million to be shared with ratepayers, consistent with the amount reported as part of interrogatories and undertakings in this proceeding.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Kitchen
To Ms. Girvan

REF: Tr.1, p.134

To advise directionally which way the earnings sharing mechanism would go, i.e., colder winter, warmer winter.

Please see Attachment 1 for the dollar amount of earnings within Union's deadband, and if weather was warmer or colder.

Union Earning Sharing Results

Year	Directional Weather vs Board-approved	Ratepayer Share of ESM (\$Millions)	Earnings within		Gross Over Earnings (Above Allowed ROE + Threshold) (\$Millions)	Achieved ROE % (1)	Allowed ROE %	Threshold / Deadband %	Ratepayer / Shareholder Sharing Ratio %	ESM / Deferral Clearance Proceeding
			Threshold / Deadband (\$Millions)	ROE % (1)						
2008	Colder	34.17	36.25	46.03	13.35%	8.81%	2.00%	90%/10%	EB-2009-0101	
2009	Colder	7.40	37.43	14.79	11.24%	8.47%	2.00%	50%/50%	EB-2010-0039	
2010	Warmer	3.43	37.26	6.87	10.91%	8.54%	2.00%	50%/50%	EB-2011-0038	
2011	Warmer	2.54	35.96	5.08	10.38%	8.10%	2.00%	50%/50%	EB-2012-0087	
2012	Warmer	15.13	36.73	24.97	11.03%	7.67%	2.00%	90%/10%	EB-2013-0109	
2013	Colder	-	N/A	32.20	10.67%	8.93%	N/A	N/A	No ESM	
2014	Colder	7.42	19.48	14.85	10.69%	8.93%	1.00%	50%/50%	EB-2015-0010	
2015	Colder	-	19.88	-	9.89%	8.93%	1.00%	N/A	EB-2016-0118	
2016	Warmer	-	7.23	-	9.24%	8.93%	1.00%	N/A	EB-2017-0091	
2017	Warmer	-	5.90	-	9.15%	8.93%	1.00%	N/A	Preliminary results	

Notes:

(1) Union reports achieved ROE on an actual basis while EGD reports achieved ROE on a weather-normalized basis.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Culbert
To Mr. Ladanyi

REF: Tr.1, p.192

To reconcile the O&M FTE numbers.

The difference between the \$15 million of O&M productivity savings provided in the response to CCC Interrogatory#6 found at Exhibit C.CCC.6 Attachment 3, page 7 of 11 (“Productivity Report”), and the \$9 to \$10 million savings found in the response to CCC Interrogatory #7 found at Exhibit C.CCC.7, page 2 is the result of calculating the savings against two different comparators.

The \$15 million amount shown in the Productivity Report is total savings which were achieved in 2016 when compared to the 2016 Board approved budget which had \$8.7 million of embedded productivity in it.

The \$9 to \$10 million range of savings referenced in the response to CCC Interrogatory#7 found at Exhibit C.CCC.7 page 2, is the estimated impact of restructuring in 2016 that resulted in the departure of approximately 100 employees, relative to costs that would have been incurred without restructuring.

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Undertaking of Mr. Culbert
To Mr. Garner

REF: Tr.2, p.34

To prepare a revised version of the table at VECC Compendium Tab 3, page 17, to show non-weather-normalized results for both utilities

The Applicants note the reference should be to VECC Compendium Tab 3, p. 13. Please see the revised table below. In comparison to the table which was originally provided in Exhibit JT1.3, the EGD results have been updated to include actual achieved utility ROEs (non-weather normalized) in addition to the weather normalized ROEs.

EGD Earning Sharing Results

Year	Ratepayer Share of ESM (\$Millions)	Gross Normalized Over Earnings		Normalized			Threshold / Deadband %	Ratepayer / Shareholder Sharing Ratio %	ESM / Deferral Clearance Proceeding
		(Above Allowed ROE + Threshold) (\$Millions)	Achieved ROE %	Achieved ROE % (1)	Allowed ROE %	Allowed ROE %			
2008	5.60	11.20	11.87%	10.21%	8.66%	1.00%	50%/50%	EB-2009-0055	
2009	19.30	38.60	12.36%	11.20%	8.31%	1.00%	50%/50%	EB-2010-0042	
2010	17.35	34.70	10.25%	11.10%	8.37%	1.00%	50%/50%	EB-2011-0008	
2011	14.30	28.60	10.43%	10.38%	7.94%	1.00%	50%/50%	EB-2012-0055	
2012	7.39	14.80	7.62%	9.28%	7.52%	1.00%	50%/50%	EB-2013-0046	
2013	-	31.20	11.13%	10.41%	8.93%	N/A	N/A	No ESM	
2014	12.65	25.30	12.39%	10.46%	9.36%	0.00%	50%/50%	EB-2015-0122	
2015	6.45	12.90	10.41%	9.82%	9.30%	0.00%	50%/50%	EB-2016-0142	
2016	3.40	6.80	8.76%	9.42%	9.19%	0.00%	50%/50%	EB-2017-0102	
2017	23.55	47.10	9.71%	10.27%	8.78%	0.00%	50%/50%	Preliminary results	

Union Earning Sharing Results

Year	Ratepayer Share of ESM (\$Millions)	Gross Over Earnings		Achieved ROE % (1)	Allowed ROE %	Threshold / Deadband %	Ratepayer / Shareholder Sharing Ratio %	ESM / Deferral Clearance Proceeding
		(Above Allowed ROE + Threshold) (\$Millions)	Achieved ROE %					
2008	34.17	46.03	13.35%		8.81%	2.00%	90%/10%	EB-2009-0101
2009	7.40	14.79	11.24%		8.47%	2.00%	50%/50%	EB-2010-0039
2010	3.43	6.87	10.91%		8.54%	2.00%	50%/50%	EB-2011-0038
2011	2.54	5.08	10.38%		8.10%	2.00%	50%/50%	EB-2012-0087
2012	15.13	24.97	11.03%		7.67%	2.00%	90%/10%	EB-2013-0109
2013	-	32.20	10.67%		8.93%	N/A	N/A	No ESM
2014	7.42	14.85	10.69%		8.93%	1.00%	50%/50%	EB-2015-0010
2015	-	-	9.89%		8.93%	1.00%	N/A	EB-2016-0118
2016	-	-	9.24%		8.93%	1.00%	N/A	EB-2017-0091
2017	-	-	9.15%		8.93%	1.00%	N/A	Preliminary results

Notes:

(1) Union reports achieved ROE on an actual basis while EGD reports achieved ROE on a weather-normalized basis.