

Regulatory Update



2018/2019 Regulatory Timeline

Applications

2017 Deferrals application
(excluding DSM) QRAM

2019 Federal Carbon Pricing
Program application
2016 DSM Deferrals application
2019 Rates application

QRAM



Decisions/ account clearing

Account clearing:
2015 DSM Deferrals

Interim Cap-and-
Trade Balances

Account clearing:
2017 Deferrals

Other

2015-2020 DSM Mid-Term
Review

2016/17/18 Cap-and-Trade
Deferral Disposition

2021+ DSM Framework

2017 DSM deferrals

Mergers, Acquisitions, Amalgamations and Divestitures (MAADs) application

- Union Gas and Enbridge Gas Distribution will amalgamate into one utility on Jan. 1, 2019 as approved by their boards of directors, subsequent to OEB approval.
- Union South and Union North will remain distinct rate zones.
- Highlights of the OEB approved MAADs Framework:
 - 5 Year deferred rebasing period (2019 to 2023).
 - Annual rate changes will be calculated using a price cap (inflation less a 0.3% stretch factor).
 - Continued pass through of certain costs without price cap adjustment (e.g. cost of gas and upstream transportation).
 - Sharing 50/50 of earnings 150 basis points over approved return on equity.

2015 DSM Deferrals

- First year that the Ontario Energy Board Staff coordinated a joint utility audit process for the DSM program.
- The OEB Staff coordinated audit/evaluation, measurement and verification (“EM&V”) process, and it took 19 month to complete.
- Union Gas’ application to the OEB to dispose could not occur until the OEB audit of 2015 DSM program was complete.
- The 2015 DSM deferral account adjustment includes:
 - The recovery of the actual cost of delivering the 2015 DSM programs (versus the forecast cost built into 2015 rates).
 - Revenue recovery attributable to consumption reduction due to DSM conservation measures (LRAM).
 - Incentives Union Gas earns when meeting OEB-approved DSM targets.

2015 DSM Deferrals

- Will be disposed of on October invoices (received by customers in November).

Rate Class	2015 Audited Adjusted Deferral Account Balance (\$000's)	2015 Actual Consumption Volume 10 ³ m ³	Unit Rate (cents/m ³)
M4	2,170	457,207	0.4745
M5A	(1,168)	209,157	(0.5583)
M7	2,554	427,949	0.5968
M9	-	66,511	-
M10	-	301	-
T1	(998)	444,084	(0.2247)
T2	(11)	4,365,603	0.0003
T3	-	263,235	-
Rate 20	41	540,593	0.0076
Rate 100T	(1,032)	1,398,188	(0.0738)
Rate 25	-	147,757	-

2016 DSM Deferrals:

- Union Gas intends to apply for disposition of its 2016 DSM deferrals in Q4 of 2018.
 - 2016 Audit Report Received, Anticipated Application by end-of November 2018.

2017 (non-DSM) Deferral Balances:

- Awaiting OEB approval.
- Intend to dispose of the balances January 2019.