

SECTION 2.0  
Summary of Evidence

1 **2.0 Summary of Evidence**

2 Enbridge Gas New Brunswick Limited Partnership, as represented by its general partner  
3 Enbridge Gas New Brunswick (“EGNB”) has filed this rate application (“Application”) in  
4 accordance with the *Gas Distribution Act, 1999* (“GDA”) and the *Energy and Utilities Board Act*  
5 and its 2016 Regulatory Financial Statements in accordance with prior decisions of the New  
6 Brunswick Energy and Utilities Board (“Board”). EGNB is seeking approval of its 2018 and  
7 2019 rates in this proceeding, pursuant to sections 52.06 and 52.07 of the GDA.

8 2018 and 2019 Rates

9 For 2018 and 2019, rates are prescribed by legislation – a 3% increase in the variable portion of  
10 the SGS rate effective on each of January 1, 2018 and January 1, 2019 and a rate freeze for the  
11 non-SGS rate classes.

12 2018 and 2019 Budgets

13 For 2018, and for the fourth consecutive year, the utility has been able to reduce its Revenue  
14 Requirement year over year. In this application, the decrease represents a reduction of more than  
15 \$500K from the 2017 budget. For 2019, the Revenue Requirement is forecasted to increase by a  
16 minimal 0.7% over the 2018 Budget. EGNB continues its prudent cost management in order to  
17 achieve continued reasonable and competitive total costs for natural gas.

18 When comparing the 2018 proposed total annual cost of natural gas to the 2017 approved total  
19 annual cost, significant reductions in the overall bills for all commercial rate classes are noted as  
20 shown in Table 1. And despite the 3% increase in the variable portion of the SGS delivery rate,  
21 the total annual cost of natural gas for the typical SGS customer is expected to be lower for 2018  
22 due to a reduction in commodity prices since the last application.

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**Table 1**

<b>Total Annual Cost of Natural Gas: 2017 Current Rates vs. 2018 Proposed Rates</b>				
	<b>Customer Profile (Annual GJs)</b>	<b>Total Cost: Current 2017 Rates (\$)</b>	<b>Total Cost: Proposed 2018 Rates (\$)</b>	<b>% change</b>
3	<b>SGS</b>	84	1,751	1,740 -0.7%
4	<b>MGS</b>	528	11,516	11,274 -2.1%
5	<b>LGS</b>	4400	77,281	74,989 -3.0%
6	<b>CGS</b>	10510	160,013	154,772 -3.3%
7	<b>ICGS</b>	195930	2,434,459	2,324,824 -4.5%
8	<b>OPS</b>	317	5,045	4,842 -4.0%

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(Based on 2017 budgeted EUG price and approved distribution rates versus 2018 budgeted EUG price and distribution rates)

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EGNB’s 2018 and 2019 budgets propose to continue the previously approved Residential

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Incentive Program and Retention Program. New for 2018 and 2019 are a Commercial Incentive

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Program to attract new on main commercial customers to the system and a Propane Winback

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Program to attract customers who left the system over the last few years as their contracts with

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propane suppliers expire. Both incentive programs will also include eligible amounts for

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customers who would like to add additional equipment and load to the system. These programs

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provide an investment in customer capture which will allow the utility more flexibility in its

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ability to manage future rates and provide total cost stability. The 2018 and 2019 budgets can be

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found in Section 3.0.

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Rate Design

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The 2017 approved rate design has been used to apply the legislated rate changes for 2018 and

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2019. The variable portion of the SGS rate has been increased by 3% for 2018 and an additional

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3% for 2019. The results can be found in Schedule 5.1 – Rate Schedules 2018 and Schedule 5.2

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– Rate Schedules for 2019.

1 2016 Regulatory Financial Statements

2 EGNB's 2016 Regulatory Financial Statements have been included in this Application and  
3 EGNB is seeking approval from the Board. The 2016 Regulatory Financial Statements can be  
4 found in Section 4.0.

5 2017 Regulatory Financial Statements

6 As EGNB is seeking approval of rates for 2018 and 2019 in this application, it anticipates that its  
7 next rate application will be filed in 2019 for the 2020 test year. As a result, EGNB proposes the  
8 following for the approval of the 2017 Regulatory Financial Statements:

- 9 • Delay the filing of the 2017 Regulatory Financial Statements and supporting reports  
10 including the SEP test, and associated schedules (similar to Schedules 4.1, 4.2 and 4.3) to  
11 April 30, 2018.
- 12 • A written proceeding would be scheduled in 2018 to review these statements.

13 Retention Program and Incentive Programs

14 In EGNB's last Rate Application, the Board approved two customer focused programs. EGNB  
15 is providing a report and update on both which can be found in Schedule 3.8.

16 Business Process Improvement Projects 2016

17 In EGNB's last Rate Application, the Board directed EGNB to provide details of its efforts to  
18 reduce costs. The requested information can be found in Schedule 3.9.

19 Rate Class Review Analysis

20 In EGNB's last Rate Application, the Board directed EGNB to evaluate Mr. Knecht's  
21 recommendations regarding EGNB's annual rate class review. The requested information can be  
22 found in Schedule 3.10.

1 Load Retention Proposal

2 In previous rate applications, the topic of a flex rate or load retention rate for large commercial or  
3 industrial customers was discussed. In Matter 306, the Board ordered EGNB to organize a  
4 stakeholder session to evaluate the feasibility and parameters for a load retention rate. EGNB's  
5 proposal can be found in Section 6.0.

6 Handbook of Rates and Distribution Services

7 EGNB has reviewed and updated its Handbook of Rates and Distribution Services. It can be  
8 found in Section 7.0

9 Curriculum Vitae

10 The information prepared and presented in the documents filed in support of the Review of 2016  
11 Regulatory Financial Statements/2018-2019 Rate Application is the written direct testimony of  
12 Gilles Volpé, David T. Lavigne, Pamela Mayo, Paul Volpé and Russell A. Feingold. The  
13 Curriculum Vitae for Gilles Volpé, David T. Lavigne, Pamela Mayo, Paul Volpé and Russell A.  
14 Feingold can be found in Section 8.0.

15 Additional Evidence

16 Again this year, EGNB has provided supplementary evidence and tables which can be found in  
17 Section 9.0.