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November 2, 2016

By Email & By Courier

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Ms. Walli: **Board File No. EB-2016-0215 --- Enbridge Gas Distribution Inc.  
2017 Rates Application  
Energy Probe – Interrogatories to Applicant**

Pursuant to Procedural Order No. 1, issued by the Board on October 25, 2016, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2016-0215 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc. Andrew Mandyam, Enbridge Gas Distribution (By email)  
David Stevens, Aird & Berlis LLP (By email)  
Brady Yauch, Consultant to Energy Probe (By email)  
Roger Higgin, Consultant to Energy Probe (By email)  
Parties of Interest (By email)

**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B), as amended;

**AND IN THE MATTER OF** an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving or fixing rates for the sale, distribution, transmission and storage of gas.

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**Interrogatories**

**Energy Probe Research Foundation**

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**November 2, 2016**

**ENBRIDGE GAS DISTRIBUTION INC. EB-2016-0215**  
**Application under Custom Incentive Regulation Plan for 2017 Rates**

**Energy Probe IR #1**

**References:** A1, Tab 2, Schedule 1; Exhibit C2, Tab 1, Schedule 3, Page 22

**Preamble:** 7. Enbridge's final rates for 2017 include its Cap and Trade Unit Rates, as required by the Board's July 28, 2016 "Early Determination Regarding Billing of Cap and Trade Related Costs and Customer Outreach" (the "Early Determination") in the EB-2015-0363 proceeding. Enbridge is not seeking approval of the Cap and Trade Unit Rates in this Rate Adjustment Application. Instead, the Cap and Trade Unit Rates – as well as necessary additional Variance or Deferral Accounts – will be presented for approval within Enbridge's 2017 Compliance Plan, which is to be filed by November 15, 2016. Enbridge requests that approval of the 2017 Cap and Trade Unit Rates be granted in sufficient time to allow for implementation in conjunction with the January 1, 2017 QRAM Application.

- a) Please provide a copy of the Board Direction to EGD regarding Customer GHG Commitments.
- b) What is the status regarding EGD's Customer GHG Charges/Billing implementation?
- c) Please provide an illustration of the charges for Rates 1 and 6 using EGD's "best guess". List relevant assumptions.
- d) What is/are EGD's expectation(s) regarding implementation/timing of customer GHG charges?
- e) Please provide a copy of EGD's GHG Compliance Plan in this proceeding as soon as available.
- f) Please provide EGD's opinion on whether GHG customer cost changes are a Z factor affecting both revenues and operating costs.

## Energy Probe IR #2

**References:** B1, Tab1 Schedule 1; EB-2015-0114 Exhibit I.B1.EGDI.APPrO.4 part b

	Prefiled Evidence EB-2012-0459 Exhibits B2-1-1- Page 4 and M1-1-1 (in Millions)					Status at October 2015 (In Millions)					
	2013 Board Approved Budget	2014 Forecast	2015 Forecast	2016 Forecast	Total	Pre 2014	2014 Actual	2015 Forecast	2016 Forecast	2017 Forecast	Total
GTA Reinforcement	25.4	226.3	434.8	-	686.5	24.5	173.5	619.5	100.7	13.7	931.9
WAMS	0.5	36.3	25.7	8.1	70.6	-	19.9	29.6	28.6		78.1
<b>Total Major Projects</b>	<b>25.9</b>	<b>262.6</b>	<b>460.5</b>	<b>8.1</b>	<b>757.1</b>	<b>24.5</b>	<b>193.4</b>	<b>649.1</b>	<b>129.3</b>	<b>13.7</b>	<b>1,010.0</b>

- Please update the major Capital Project Status provided in the above 2016 interrogatory response.
- What is the current expected in-service date for TransCanada's King's North Project?
- If there are any in-service delays, please list and describe EGDs contingency plans.

## Energy Probe IR # 3

**Reference:** Exhibit B1, Tab 1, Schedule 1, Page 3

**Preamble:** The 2017 forecast gas in storage value has been updated to reflect changes resulting from the 2017 volumes re-forecast (inclusive of the allocation of LUF to Unregulated Storage), and re-determined 2017 gas supply plan. The updated gas in storage value also reflects July 1, 2016 QRAM prices, whereas the 2017 placeholder gas in storage value reflected April 1, 2013 QRAM prices. These updates have resulted in an increase to gas in storage of \$80.3 million.

- Please confirm/provide the specific respective QRAM prices from April 1, 2013 (\$183.599/10<sup>3</sup> m<sup>3</sup>) and July 1, 2016.
- Please confirm/demonstrate how those prices equate to the increase in the value of gas in storage, relative to the 2017 placeholder.
- Other than price, what other factors are affecting value of gas in storage, such as higher inventory levels and changes in base gas pressure? Please delineate price from these other factors.
- Please provide EGD's protocol for updating gas in storage for determination of WC Allowance, including which QRAM is appropriate for January 1 rates.

## Energy Probe IR # 4

**References:** Exhibit C1, Tab 1, Schedule 1, Page 1, Table 1 and Exhibit C1, Tab 2, Schedule 1, Page 1, Table 1 and Exhibit C1, Tab 2, Schedule 1, Page 5, Figure 2

**Preamble:** Enbridge is experiencing a decade-long decline in average gas consumption among residential customers – down nearly 11% since 2006.

- a) Can Enbridge explain the reason(s) for the NAC decline? Has the company completed any reports or detailed analysis on that decline? If so, please provide copies.
- b) Do Enbridge's 2017 forecasts include the impact that cap and trade may have on gas consumption?

## Energy Probe IR # 5

**References:** Exhibit C1, Tab 2, Pages 8, 9 and Appendix A

- a) What are forecast impacts (quantitative ~M<sup>3</sup>) of Residential Rate 1 customer Normalized Average Consumption (NAC) due to changes in customer bills in 2017 as a result of GHG responsibility costs.
- b) What are forecast impacts (quantitative~M<sup>3</sup>) on Rate 6 Customer NAC due to changes in customer bills in 2017 as a result of GHG responsibility costs.
- c) Did EGD apprise existing and new industrial customers regarding Cap and Trade and related increased bills prior to its 2017 consumption forecast? Please provide details including any relevant documents

## Energy Probe IR # 6

**References:** Exhibit C1, Tab 2, Schedule 1, Appendix A Table 2 and Table 4;

**Preamble:** 2017 Forecast shows NAC increases of 2.99% in the apartment sector and 3.53% in the industrial sector

- a) Explain/breakout the factors driving forecast 2.99 % Increase in NAC in the apartment sector.
- b) Specifically estimate DSM impacts on NAC:
  - i. List DSM programs and costs for the apartment sector

- ii. Forecast of savings from apartment DSM programs
  - iii. Quantify other factors offsetting DSM savings.
- c) Please explain/breakout the factors driving the 3.53% forecast increase in Industrial NAC in 2017.
- d) Specifically estimate DSM Impacts
  - i. List major DSM programs and costs for the industrial sector
  - ii. Forecast of savings from industrial DSM programs
  - iii. Quantify other factors offsetting DSM savings.

### **Energy Probe IR # 7**

**Reference:** Exhibit C2, Tab1, Schedule 4, pg.2

- a) Please provide an update to the customer addition forecast related to the Community Expansion projects, including # of customers connected in 2016 and # customers projected to be connected in 2017. Compare to original CE forecast of 1590 customers
- b) Please update the CE approved and planned Leave to Construct Applications, for 2016-2018, specifically: Fenelon Falls, Bobcaygeon, Kirkfield, Scugog Island, and Lanark & Balderson.
- c) What are the forecast communities and # of customers projected for 2018?

### **Energy Probe IR # 8**

**Reference:** Exhibit D1, Tab 2, Schedule 4, Page 3, Figure 1

**Preamble:** Enbridge's unaccounted for gas volumes have been increasing over the last decade and, in recent years, have been higher than Board-approved volumes (nearly double in 2014).

- a) Can Enbridge explain why unaccounted-for-gas volumes have been increasing?
- b) Can Enbridge detail the impacts that increase has on the residential rate class?

### **Energy Probe IR # 9**

**Reference:** Exhibit D1, Tab 2, Schedule 11, Page 2

- a) Does Enbridge have any updates on the Nexus project in regards to its schedule and cost? Please provide details

## **Energy Probe IR # 10**

**Reference:** Exhibit D1, Tab 4, Schedule 1, Page 1

- a) Please provide an updated figure on DSM spending to date for 2016?
- b) Please Provide 2016 Q3 budget and spend by major sector
- c) Please provide 2016 Scorecard Targets and Q3 achievements

## **Energy Probe IR # 11**

**Reference:** Exhibit E1, Tab 2, Schedule 1, Page 1

**Preamble:** The Company is unable to provide the forecast at this time using the prescribed calculation, but will update this evidence when the Board issues its Cost of Capital Parameter Updates for 2017 Applications in November of this year. For purposes of deriving estimated rate impacts for the 2017 application, the Company has applied the value of 8.77%, which is based on the July 2016 inputs being applied to the Board's established approach to calculating ROE.

- a) Please update the 2017 Cost of Capital Schedules for the Board- Determined values as in the Board's Direction by Letter of October 27, 2016.
- b) Please provide updates to show the impact of the COC update on the 2017 Revenue Requirement, Utility Income and Deficiency

## **Energy Probe IR # 12**

**Reference:** Exhibit E2, Tab 1, Schedule 2

- a) Please provide a version of Exhibit E2 Tab 1, Schedule 2, Page 1 that includes the issue dates and terms of existing and forecast debt.
- b) Please discuss the factors playing into the decisions to issue short, medium, and long term debt.
- c) Are these decisions made By Enbridge (Corporate) Treasury or by EGD?
- d) For the proposed 2017 \$300 million debt issues, please confirm the proposed terms and the basis of the proposed mix (term etc.).

- e) With Regard to preferred shares please indicate if these are issued by Enbridge (and assigned to EGD) or EGD directly
- f) Please provide a schedule showing actual and if applicable, forecast preferred shares (pfs) and the Grade(s), Rate and Reset provision for each issue.
- g) How much of the \$100 million pfs will be reset in 2017 and what will be the forecast reset rate(s) and reduction in annual costs.

### **Energy Probe IR # 13**

**References:** Exhibit F1, Tab 2, Schedule 1, Page 1; EB-2015-0114, Exhibit I.F1.EGDI.STAFF.9 Attachment 1

- a) Please provide Variance Report for 2017 in a similar format to the exhibit provided in the above Interrogatory Response to Board Staff.

### **Energy Probe IR # 14**

**Reference:** Exhibit G1, Tab 1, Schedule 1, Page 4; Exhibit G2, Tab 5, Schedule 3, Page 2

**Preamble:** Rate 332 has been allocated 60% (or approximately \$17.4 M) of the Segment A revenue requirement.

As described in Exhibit D2, Tab 1, Schedule 1, the forecast Rate 332 revenues are subject to the Rate 332 Deferral Account, which will record for clearance to the Company's bundled customers, any variance in Rate 332 revenues collected from Rate 332 transportation customers versus the amount forecast to be collected from those customers in 2017, net of any amounts recorded in the 2017 GTAICRRDA. Dawn Transportation Service (DTS):

- a) Confirm in more detail, the assumptions and calculation of actual/estimated total costs and 2017 revenue requirement for Segment A (Albion Pipeline) and confirm the basis of the 40:60 RR split (capacity?) between Enbridge and Rate 332 customers.
- b) Confirm EGD will monitor and determine the actual split based on 2017 volumes.
- c) If, based on experience, the RR split is different, then please describe actions EGD will take, in addition to recording Rate 332 Costs and Revenues in the 2017



GTAITCRRDA; for example what adjustments will EGD make to cost allocation/rate design in 2018?

**Energy Probe IR # 15**

**Reference:** Exhibit H1, Tab 2, Schedule 1, Page 1

Preamble: Enbridge will undertake analysis of the value of seasonal credit costs and will discuss with customers whether there are any further changes to the Interruptible Service Program that would make it more attractive.

- a) Confirm that the design of the Interruptible Rate takes account of all relevant costs per the FACS in setting the 145 and 170 Interruptible Rates.
- b) Please explain how a seasonal credit may work with/without changes to the FACS allocated costs